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Annual Comprehensive Financial Report

For the Fiscal Year Ended:
September 30, 2023

PRINCETON

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2023

City of Princeton, Texas

Prepared by:

Finance Department

PRINCETON

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City of Princeton, Texas

TABLE OF CONTENTS

September 30, 2023

INTRODUCTORY SECTION

Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	vii
Organization Chart	viii
List of Principal Officials	ix

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	22
Statement of Activities	26
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	28
Reconciliation of the Balance Sheet to the Statement of Net Position-Governmental funds	29
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Proprietary Funds:	
Statement of Net Position	32
Statement of Revenues, Expenses, and Changes in Fund Net Position	35
Statement of Cash Flows	36
Statement of Fiduciary Net Position – Fiduciary Fund	38
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	39
Notes to Financial Statements	47
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual:	
General Fund	88
Tax Increment Reinvestment Zones Fund	89

Schedule of Changes in Net Pension Liability and Related Ratios 90
Schedule of Employer Contributions to Pension Plan 92
Schedule of Changes in OPEB Liability and Related Ratios 94

Other Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds 98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 99
Combining Balance Sheet – Fiduciary Funds 100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Fiduciary Funds 101

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:
Debt Service Fund 103
Court Fund 104
Police Fund 105
American Rescue Fund 106
Princeton Economic Development Corporation 107
Princeton Community Development Corporation 109

Statistical Section
Net Position by Component 112
Changes in Net Position 114
Tax Revenues by Source 119
Fund Balances, Government Funds 120
Changes in Fund Balance, Governmental Funds 122
Assessed Value and Estimated Actual Value of Taxable Property 124
Property Tax Rates – Direct and Overlapping Governments 126
Principal Property Taxpayers 127
Property Tax Levies and Collections 129
Ratios of Outstanding Debt by Type 130
Ratio of General Bonded Debt Outstanding 132
Direct and Overlapping Governmental Activities Debt 134
Legal Debt Margin Information 135
Pledged Revenue Coverage 137
Demographic and Economic Statistics 138
Principal Employers 141
Full–Time Equivalent City Employees by Function/Program 142
Operating Indicators by Function/Program 144
Capital Asset Statistics by Function/Program 146

INTRODUCTORY SECTION

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July 5, 2024

Honorable Mayor, Members of the City Council,
And Citizens of the City of Princeton

The Finance Department of the City of Princeton is pleased to submit the Annual Comprehensive Financial Report of the City of Princeton, Texas, for the fiscal year ended September 30, 2023.

The report is published to provide the City Council, management staff, our citizens and other interested parties with detailed information concerning the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Princeton. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The financial statements included in this report were prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Government Accounting Standards Board (GASB), the National Council of Government Accounting (NCGA) and the American Institute of Certified Public Accounts (AICPA). To demonstrate further public accountability, the independent accounting firm of Certified Public Accountants, BrooksWatson & Co., PLLC, whose report is included herein, has audited the City's financial statements.

Brooks, Watson & Co., PLLC., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Princeton's financial statements for the year ended September 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

In addition, a Management's Discussion and Analysis (MD&A) section, immediately following the independent auditor's report includes a narrative introduction, overview, and analysis of the financial statements. The MD & A complements this letter of transmittal and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Profile of the Government

The City of Princeton, incorporated in May 1912, is located at the intersection of U.S. Highway 380 and Farm Road 75, and Farm Road 982 in northeast Collin County 8 miles east of McKinney, 24 miles west of Greenville, and 45 miles northwest of Dallas-Fort Worth International Airport. The City is primarily residential and a rapidly growing city in Collin County one of the fastest growing counties in Texas.

The City's estimated 2023 population is 26,664, a 35% increase over the past 10 years. The City has built approximately 15,000 single family residential homes. Over the previous five years, the City has averaged 2773 single family residential permits annually. The average assessed value for existing single-family dwellings on the 2022 Tax Roll was $320,000.

The City of Princeton operates under a council-manager form of government. Policy-making and legislative authority are vested in a governing council (City Council), consisting of a mayor and five other members all elected at large. The Council appoints the City Manager, who in turn appoints the heads of the various departments. All Council members are elected for two-year terms.

This report includes all funds and account groups of the primary government. The government provides a full range of services including police and fire protection; the construction and maintenance of streets and infrastructure; recreation and cultural events, including a library. In addition to general government administrative services, the City provides water, sewer and sanitation services. The City is also financially accountable for two legally separate component units – Princeton Economic Development Corporation, and Princeton Community Development Corporation which are reported as a blended component unit within the City of Princeton financial statement's (see Note 1A for additional information).

The Council is required to adopt a final budget no later than September 30th- the close of the fiscal year. This annual budget serves as the foundation for the City of Princeton's financial planning and control. The budget is prepared by fund, category(personnel , supplies, maintenance, contractual and capital) and department. Departments may reallocate resources within their department budgets, with the City Manager's approval, but reallocation between funds or increases in appropriations requires Council approval.

Local Economy

With supply chain issues resolving, and the housing market remaining strong even though mortgage rates have increased, the North Texas economy has displayed resiliency. Retail sales remain strong, however reflecting more modest increases in FY 2023. Demand for homes still exceeds the supply, thus home values have held their value. Job creation, especially in North Texas is strong, however somewhat hampered by the continuing worker shortages. A few corporate relocations to the general area will also contribute to the housing market remaining strong, although potentially constrained by the limited housing inventory.

There were estimated 2,500 single family building permits issued during fiscal year 2022/2023, compared to the previous five year average of 2,772. In addition, there were 1764 water total connections. Since the City's tax base is a significant portion of its annual budget, these increases have the most significant impact on the City's ability to raise revenues to provide the services and conditions for future growth.

Development in the City has stayed steady, new commercial projects continue to be proposed along with steady flow of single-family building permits being issued. The projection for single family building

permits for FY 24 looks to be in the range of 2,000-2900, compared to the previous five-year average of 2772. Commercial growth has remained sound, new commercial projects continue to be proposed.

The City completed the new 4,000,000 gallon Forest Grove Pump Station, dedicated to Mr. Sheehan for his service with North Texas Municipal Water District as board member for the City of Princeton. Currently under construction is the new 2,000,000 gallon south elevated storage tank that will provide the necessary water storage for the current and anticipated growth for the next five years at the current growth rate. During the last several months the city has completed the relocation and construction of the new sanitary sewer lift station on College Street.

In February 2023 the city opened Beauchamp Blvd. to the public and new it is a well-utilized roadway for traffic heading north and south through town. Several streets in the City are under construction along with the related utilities under the roadways. Second Street is under reconstruction and is approximately 25% complete. San Remo is currently being repaved, and an extensive new concrete section of Teakwood Drive was completed, with new sidewalks. The City worked with TXDOT to coordinate the reconstruction of 6th Street and is nearing completion. Collin County is reconstructing Florence Drive including the section in the city limits and will soon be opened back up to public access.

An effort by the Community Development Corporation has focused largely on the development of park facilities. With the assistance of developers, willing landowners, and funding made possible through bond sales and park fees, the City acquired an additional 100 acres of land for future park sites and facilities. Improvements at J.J. Book Wilson Park on Beauchamp Blvd, the parking lot, additional shade sails, and restroom; facilities and entrance features at the J.M. Caldwell Community Park, and additional features i.e. restroom facilities and entrance features at the Municipal Park at City Hall.

The City received $3,000,000 from the American Rescue and Recovery Act funding used on a more robust broadband service. Implementation of its Communication Plan addresses the continued funding for this project. Ultimately the plan will cover areas that are currently underserved and provide the City with better connectivity to all of its families.

Long Term Financial Planning

Economic Development, specifically retail has been a primary objective and continues to be desired. This will not only provide desired amenities for residents' immediate access, but also an avenue to diversify the City's revenue stream that is highly dependent on property tax. A stated focus of the Council has been to maintain the current tax rate. However, with State Legislation implementing revenue caps, it has forced reductions in the tax rate. A challenge to maintain the service level of services provided for in this community.

Future water supply, pumping facilities, and wastewater treatment will also continue to be a focal point of meeting growth demands . Princeton contracts with North Texas Municipal Water District for water and wastewater treatment. A utility rate study with NexGen Strategies was updated to provide funding sources for the increase in customers served and the needed infrastructure for the next five years.

Major Initiatives

The City's staff, following the directives of the City Council, City Manager and Development Director, has been involved in a variety of projects throughout the year. These projects reflect the City's commitment to ensuring that its citizens can live and work in an enviable environment. The following are initiatives and programs relating o general government functions:

- Received the Government Officers Association (GFOA) Certificate of Achievement or Excellence in Financial Reporting for the submitted 2022 Comprehensive Annual Financial Report.
- Received the GFOA Distinguished Budget Presentation Award for the Fiscal Year 2023 Budget.
- City executed an Agreement with Enterprise Fleet to provide fleet vehicle replacements.
- Several vehicles ordered and received through the Enterprise Fleet Management Program.
- Implemented a stand alone Human Resources department with 2 employees.
- Right of Way Division created to control the maintenance and mowing of the right of ways and median located in the city.
- Conducted and continued outreach to attract business and create jobs within the city, such as Market Street.
- Implemented online application process through NeoGov.
- Established an employee newsletter.
- Received grants from TSLAC and other agencies
- Received funding from Collin County to continue library services for Collin County residents.
- Programs offered in FY 23 included a coding program, character storytime, summer reading program, and ESI.
- E-read Texas added more than 10,000 books to the library' catalog.
- Creation and implementation of a Crisis Communication Plan.
- Implementation of ADA compliance platform (Monsido) for city website.
- Expanded the use of social media and website communication to reach more of the City's residents and stakeholders.
- Implemented the fire department Outdoor Siren Video.
- Creation of the Red Kettle Mayoral Challenge Video.
- Creation of Citizens on Patrol logo
- Added a Sensory Sensitive Egg Hunt
- July Spectacular named the "Best Event" in newspaper.
- Purchased Stop the Bleed for employees working events
- Continue to increase collection efforts on outstanding warrants
- Complete all court process and procedures in a timely manner.
- Court clerks obtained Level 1 Certifications.
- Implemented paperless permitting process.
- Successfully and efficiently processed and completed inspections on over 2,800 permits for FY .
- Enhanced community livability and safety by reducing the number of substandard structures.
- Managed infrastructure and street replacements and related project bidding processes.
- Integrated new rights of way and utility easements into the maintenance schedule.
- Added a total of 12 rights of way sanitary sewer easements and water easements to the maintenance schedule.
- Achieved GOLD status with te Keep Texas Beautiful Program.
- Added 5 Public Works Facilities to the maintenance schedule
- Implemented inventory maintenance software to track supply reserves.
- Completion of JJBook Wilson Memorial Park Phase I
- Completion of JM Caldwell Sr Community Park West parking lot

- Began construction on JM Caldwell Sr Community Park Restroom and Shade Sail
- Negotiated with vendors for pricing through The Interlocal Purchasing System
- Updated inventory listing to include all City vehicles and equipment,
- Completed and passed department TCOLE audit
- Increased our community outreach programs and education through community based programs such as Coffee with a Cop, National Night Out, Citizens Police Academy, Police Department Tours.
- Implemented Chaplaincy Programs
- Implemented as AI program and acquired a drone to assist with investigations
- Completed remodel of third fire station
- Acquisition of 2 Engines
- Completed NFPA compliant wellness physicals on all full time operations personnel.
- Completed State Fire Commission and ISO evaluations.
- Increase customers receiving electronic utility statements bills.
- Improved utility website for ease of service for customers
- Assisted customers in signing up for My Water Advisor.
- Maintained 3% water loss, well below the state recommended 10%
- Upgrades to Dogwood Pump Station
- Complete construction of the $2M gallon South Elevated storage tank
- Exceeded the quarterly goal for education campaigns for water conservation

Relevant Financial Policies

In accordance with the City's Budget Policy, the budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's Director of Finance, and expenditure estimates by each City department. Budgets are reviewed by the City Manager and the Director of Finance, and a preliminary draft of the proposed budget is submitted to the Mayor for review. Following the Mayor's review, the draft budget is referenced during budget workshops. It is the responsibility of the City Manager to present the City's annual operating budget to the City Council for their approval.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Manager, Director of Finance, and the City Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of
the current fiscal year. The legal level of budgetary control is maintained at the fund level – budget amendments increasing total expenditures within a fund require formal approval by the City Council.

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 90 days of expenditures. If unassigned fund balance falls below the goal or has a deficiency, the City will implement a plan to restore the 90-day unassigned fund balance reserves.

During the fiscal year, expenditure controls are maintained by each department head with overall review by the Director of Finance. Weekly departmental expenditures are generated by an automated management accounting system and provide expenditure totals for each week, month, as well as a year-to-date total, and an actual versus planned rate of expenditure.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Princeton for its annual comprehensive report for the fiscal year ended September 30, 2022. This was the 10th consecutive year that the government has achieved this prestigious award, In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy the generally accepted accounting principles and applicable requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for fiscal year 2023 – the City's tenth consecutive receipt of this award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operational guide, and a communication device.

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff and finance department. Thanks especially to Carron Prigmore for her hard work toward the completion of this document and commitment to excellence in accounting standards. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the City Council of the City of Princeton, preparation of this report would not have been possible.

Submitted respectfully,

Michael Mashburn

Michael Mashburn
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Princeton
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

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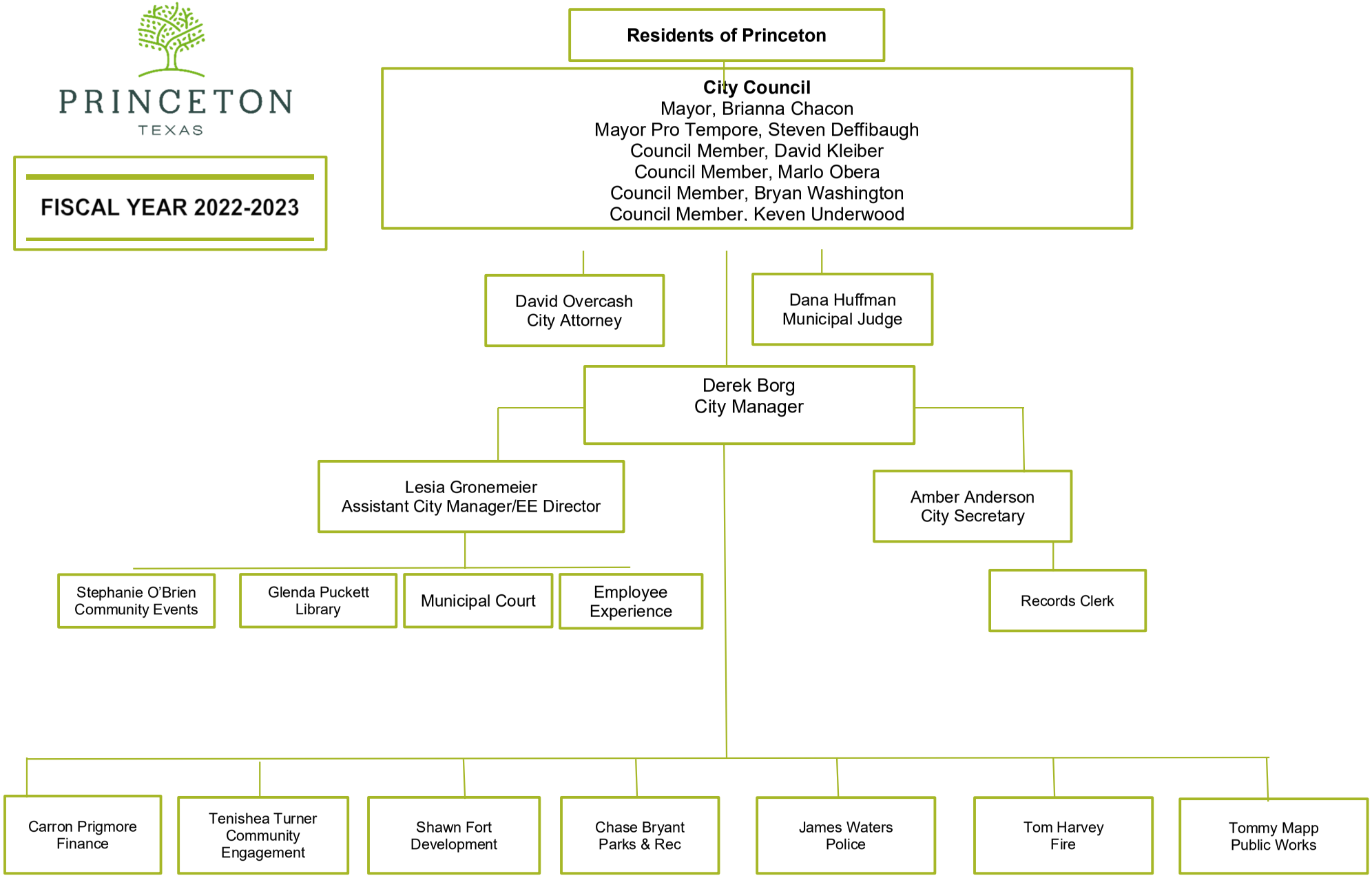
FISCAL YEAR 2022-2023



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CITY OF PRINCETON CITY COUNCIL

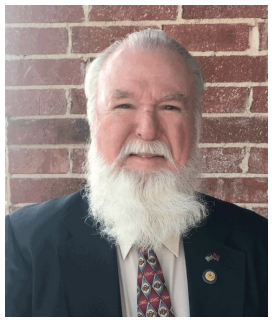
Brianna Chacon
Mayor

David Kleiber
Place 1

Marlo Obera
Place 2

Bryan Washington
Place 3

Keven Underwood
Place 4



Steven Deffibaugh
Place 5

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FINANCIAL SECTION

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BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Princeton, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Princeton, Texas (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Princeton, Texas, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Princeton, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter

Accounting Corrections

As discussed in Note V.I to the financial statements, the City restated the beginning net position within government activities to properly reflect corrections to capital assets in the prior year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical, and continuing disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on.

BrooksWatson & Co.

BrooksWatson & Co.
Certified Public Accountants
Houston, Texas
July 5, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Princeton, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

As management of the City of Princeton, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2023 by $261,003,965. Of this amount, $43,679,394 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $53,543,071. The majority of the City's net position are invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $41,636,307 at September 30, 2023, a decrease of $3,004,390 from the prior fiscal year; this includes an increase of $1,104,942 in the general fund, an increase of $1,269,870 in the debt service fund, an increase of $1,270,493 in the TIRZ #1 fund, a decrease of $1,535,927 in the streets project fund, a decrease of $1,222,151 in the parks project fund, and a decrease of $3,891,617 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $6,325,393 or 31% of total general fund expenditures.

- The City's total long-term bonds, tax notes, and lease liabilities reflected a net decrease (including premiums) of $3,768,796. The total governmental long-term debt at the close of the fiscal year was $51,576,231. Self-supporting debt of the proprietary fund was $55,853,252.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, library, parks and recreation and development services. The business-type activities of the City include utility and storm water drainage operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Princeton Economic Development Corporation and Princeton Municipal Development District, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Tax Increment Reinvestment Zone (TIRZ) #1, although also legally separate, function for all practical purposes as a department of the City, and therefore have been included as an integral part of the primary government.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental* activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, TIRZ #1 fund, street projects fund, and park projects fund, which are considered to be major funds.

The City adopts an annual appropriated budget for its general fund, TIRZ #1 fund, debt service fund, court fund, police fund, and American Rescue Plan Act Fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary Funds

The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its utility operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and the storm water drainage fund because both are considered major funds of the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers. The funding for the developments are derived from PID bonds that are held in trust by the City. The City is responsible

for ensuring that the assets reported are used for their intended purposes. These custodial funds use the economic resources measurement focus.

Component Units

The City maintains the accounting and financial statements for four component units. The Princeton Economic Development Corporation and the Princeton Community Development Corporation are reported as discrete component units on the government-wide financial statements. The Tax Increment Reinvestment Zone (TIRZ) #1 fund is presented as a blended component unit and is considered a major governmental fund for the current fiscal year.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund and impact fee fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Princeton, assets and deferred outflows exceeded liabilities and deferred inflows by $261,003,965 as of September 30, 2023 in the primary government.

The largest portion of the City's net position, $175,293,336, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Total current and other assets for business-type activities decreased by $12,304,274. The decrease was primarily due to lower investment balances due to funds spent on new capital investments during the year.

Total capital assets as of September 30, 2023 and 2022 were $279,457,075 and $211,854,124, respectively. The increase of $67,602,951 was primarily attributable to new capital contributions for park improvements, street and road improvements, and utility infrastructure in the current year.

Total other liabilities as of September 30, 2023 and 2022 were $16,572,321 and $7,836,825, respectively. The increase of $8,735,496 was primarily due to greater debt obligations due within one year, resulting from debt approaching maturity. In addition, accounts payable for both governmental and business-type activities increased which is directly related to greater outstanding payables for capital improvements at year end.

Total deferred inflows for primary government increased by $741,552 and total deferred outflows for primary government decreased by $464,166 when compared to the prior year. Both variances are directly related to the significant increase in pension liability and actuarial changes in the City's pension inputs over the course of the current year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

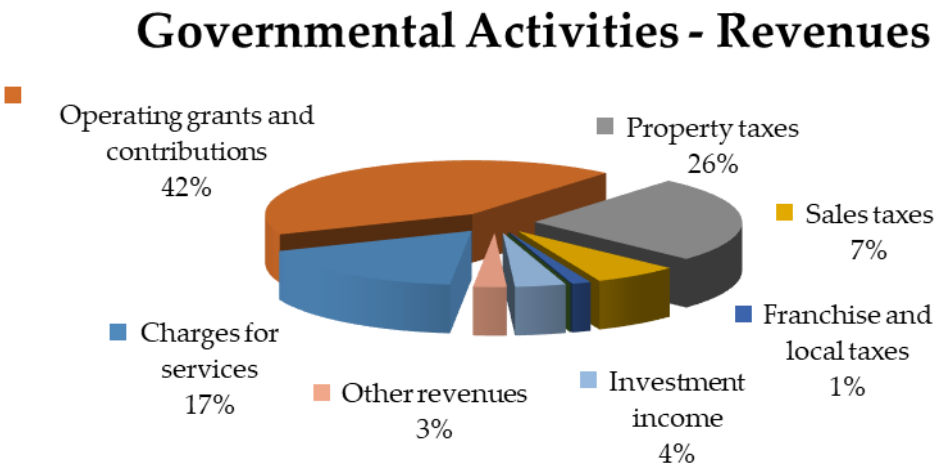
	2023			2022		
	Governmental Activities	**Business-Type Activities**	**Total**	**Governmental Activities**	**Business-Type Activities**	**Total**
Current and other assets	$ 46,518,846	$ 47,665,002	$ 94,183,848	$ 48,407,999	$ 59,969,276	$ 108,377,275
Long-term receivables	5,907,323	-	5,907,323	6,828,250	-	6,828,250
Capital assets, net	140,961,104	138,495,971	279,457,075	116,157,141	95,696,983	211,854,124
Total Assets	193,387,273	186,160,973	379,548,246	171,393,390	155,666,259	327,059,649
Total Deferred Outflows	1,507,402	507,094	2,014,496	859,295	413,649	1,272,944
Other liabilities	9,307,231	7,265,090	16,572,321	3,733,158	4,103,667	7,836,825
Long-term liabilities	48,981,454	54,907,865	103,889,319	55,352,751	57,120,820	112,473,571
Total Liabilities	58,288,685	62,172,955	120,461,640	59,085,909	61,224,487	120,310,396
Total Deferred Inflows	83,641	13,496	97,137	509,583	51,720	561,303
Net Position:						
Net investment in capital assets	91,909,419	83,383,917	175,293,336	70,723,356	66,619,856	137,343,212
Restricted	28,061,829	13,955,894	42,017,723	17,200,800	10,284,268	27,485,068
Unrestricted	16,551,101	27,141,805	43,692,906	24,733,037	17,899,577	42,632,614
Total Net Position	$ 136,522,349	$ 124,481,616	$ 261,003,965	$ 112,657,193	$ 94,803,701	$ 207,460,894

Statement of Activities:

The following table provides a summary of the City's changes in net position:

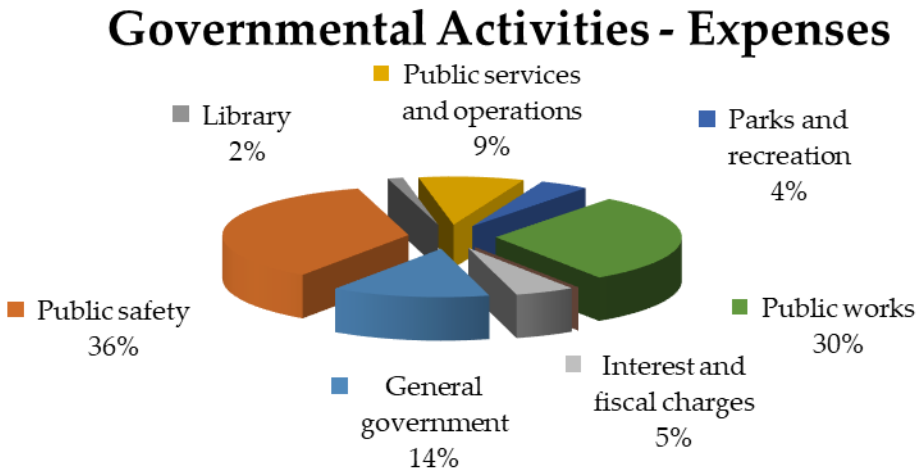
	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 8,741,799	$ 30,516,679	$ 39,258,478	$ 11,084,970	$ 24,698,965	$ 35,783,935
Operating grants and contri.	828,125	675,319	1,503,444	2,269,245	-	2,269,245
Capital grants and contri.	20,610,447	20,538,737	41,149,184	25,820,010	19,890,661	45,710,671
General revenues:						
Property taxes	13,084,667	-	13,084,667	10,014,435	-	10,014,435
Sales taxes	3,359,746	-	3,359,746	2,817,389	-	2,817,389
Franchise and local taxes	754,629	-	754,629	594,991	-	594,991
Investment income	2,012,953	1,750,485	3,763,438	336,203	180,342	516,545
Other revenues	1,323,879	13,285	1,337,164	23,917	57,925	81,842
Total Revenues	50,716,245	53,494,505	104,210,750	52,961,160	44,827,893	97,789,053
Expenses						
General government	3,668,100	-	3,668,100	2,852,012	-	2,852,012
Public safety	9,582,884	-	9,582,884	7,016,634	-	7,016,634
Library	357,341	-	357,341	263,117	-	263,117
Public services and operations	2,549,290	-	2,549,290	2,132,971	-	2,132,971
Parks and recreation	1,141,138	-	1,141,138	1,387,700	-	1,387,700
Public works	8,041,809	-	8,041,809	5,426,108	-	5,426,108
Water and sewer	-	20,281,756	20,281,756	-	16,579,764	16,579,764
Storm water drainage	-	1,774,521	1,774,521	-	1,423,165	1,423,165
Interest and fiscal charges	1,380,047	1,890,793	3,270,840	1,433,349	976,696	2,410,045
Total Expenses	26,720,609	23,947,070	50,667,679	20,511,891	18,979,625	39,491,516
Change in Net Position Before Transfers	23,995,636	29,547,435	53,543,071	32,449,269	25,848,268	58,297,537
Transfers	(130,480)	130,480	-	(226,906)	226,906	-
Total	(130,480)	130,480	-	(226,906)	226,906	-
Change in Net Position	23,865,156	29,677,915	53,543,071	32,222,363	26,075,174	58,297,537
Beginning Net Position	112,657,193	94,803,701	207,460,894	80,434,830	68,728,527	149,163,357
Ending Net Position	$ 136,522,349	$ 124,481,616	$ 261,003,965	$ 112,657,193	$ 94,803,701	$ 207,460,894

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.



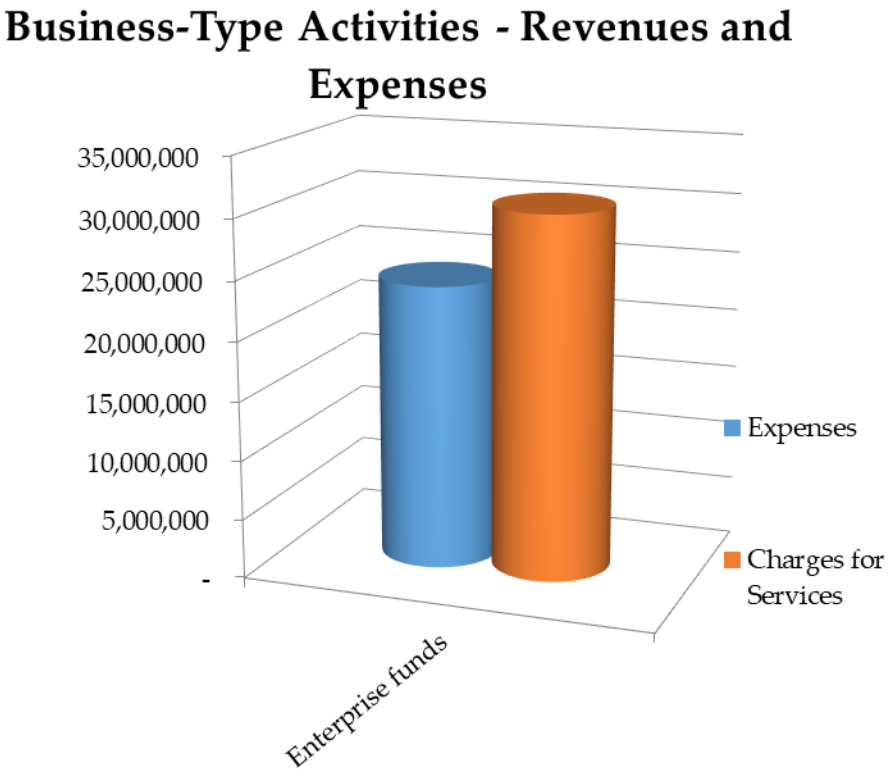
For the year ended September 30, 2023, revenues from governmental activities totaled $50,716,245. Operating grants/ and contributions, property taxes, and charges for services are the City's largest general revenue sources. Overall revenue decreased $2,244,915 or 4%. Property taxes increased by $3,070,232 or 31% during the current year. The increase is primarily due to greater appraised values in the current year as a result of continued growth and development throughout the community. Operating grants and contributions decreased by $1,441,120 or over 100% primarily due to nonrecurring intergovernmental funds received from Collin County received in the prior year. Capital grants and contributions decreased by $5,209,563 or 20% due to nonrecurring impact and development fees received in the prior year. Charges for services decreased by $2,343,171 or 21% primarily due to nonrecurring building permits in the prior year. Sales taxes increased by $542,357 or 19% due to continued economic growth fueled by local purchases. Investment income increased by $1,676,750 or over 100% due primarily to higher interest rates and higher interest bearing account balances in the current year. Franchise and local taxes increased by $159,638 or 27% primarily due to an overall increase in franchise fee income related to greater electrical, gas, and cable usage in the current year. Other revenues increased by $1,299,962 or over 100% primarily as a result of nonrecurring sale of assets in the current year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2023, expenses for governmental activities totaled $26,720,609. This represents an increase of $6,208,718 or 30% from the prior year. The City's largest functional expense is public safety of $9,582,884. Public safety expenses increased by $2,566,250 or 37% primarily due to greater personnel costs resulting from increased wages and compensation related to new hires and raises approved in the current year. Public works expense increased by $2,615,701 or 48% which is primarily due to greater depreciation expense, personnel costs, and nonrecurring street and park facility maintenance in the current year. General government increased by $816,088 or 29% primarily due to greater compensation, contract and legal services, electrical services, and building maintenance costs in the current year. Public services expenses increased by $416,319 or 20% primarily due to greater personnel costs, nonrecurring engineering services, development planning consultation, and building maintenance costs in the current year. Library expenses increased by $94,224 or 36% primarily due to greater salaries paid and nonrecurring grant related expenses in the current year. Parks and recreation expenses decreased by $246,562 or 18% primarily due to nonrecurring park projects and related costs in the prior year. All other expenses remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2023, charges for services by business-type activities totaled $30,516,679. This is an increase of $5,817,714 or 24% from the previous year. This increase directly relates to the City's growth and increase in overall consumption during the current year. Operating grants increased by $675,319 or 100% which is directly related to the nonrecurring GTUA reimbursement received related to the Forest Grove project in the current year. Investment income increased by $1,570,143 or over 100% primarily due to new investment accounts and realization of higher interest rates during the current year.

Total expenses increased $4,967,445 or 26%, to a total of $23,947,070, This increase is due primarily to greater water purchases from North Texas Municipal Water District and greater sewer collection related expenses which is in line with the increase in water and sewer revenue in the current year. In addition, there was an increase in personnel costs related to salary increases in the current year. Lastly, interest expenses increased in the current year which was related to the nonrecurring debt payments made on the Series 2022 Certificates of Obligations issues in the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2023, the City's governmental funds reported combined fund balances of $41,636,307, an decrease of $3,004,390 in comparison with the prior year. Approximately 15% of this amount, $6,325,393, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable or restricted. The amount* not in spendable form is $101,894, and the amount restricted for particular purposes, $35,209,020.

As of the end of the year the general fund reflected a total fund balance of $6,520,395. Of this, $101,894 is considered nonspendable, $93,108 is considered restricted, and $6,325,393 is unassigned. The general fund balance increased by $1,104,942 compared to the budgeted decrease of $81,012. The fund's increase was primarily due to less than anticipated expenditures and greater than expected other financing sources. In addition, the fund reflected greater taxes, charges for services, and other revenues compared to what was received in the prior year.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of general fund is 32% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $6,325,393 is 31% of total general fund expenditures.

The debt service fund had an ending fund balance of $2,910,730 at September 30, 2023, an increase of $1,269,870. The increase was a result of greater than anticipated property tax and intergovernmental revenues received from the discretely components unit and less than anticipated expenditures.

The TIRZ #1 fund had an ending fund balance of $2,918,982, an increase of $1,270,493. The increase is primarily due to tax revenues outweighing transfers to other funds in the current year.

The street projects fund had an ending fund balance of $12,019,299, a decrease of $1,535,927. The decrease is primarily a result of greater than anticipated capital project-related costs in the current year. Capital outlay expenses increased significantly by $6,087,566 when compared to the prior year.

The park projects fund had an ending fund balance of $9,352,763, a decrease of $1,222,151. The decrease is primarily due to new projects and related costs during the current year. During the year, the City expended $5,745,467 on various projects, utilizing funds designated for capital projects. Capital outlay

expenses increased by $956,802 when compared to the prior year. In addition, developer fees declined over the course of the year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position for the utility and storm draining fund totaled $124,481,616. Unrestricted net position of the enterprise funds at the close of the fiscal year amounted to $27,141,805. Total net position increased $29,677,915. The funds had net investment in capital assets of $83,383,917. The City operates and maintains a utility distribution system with force mains and lift stations. The following are additional comments regarding operations of the enterprise fund:

- The City received capital contributions of $20,538,737 consisting of utility infrastructure.
- The City received GTUA reimbursements of $675,319 from governmental activities.
- Operational expenses excluding depreciation and amortization were $14,557,447.
- Cash and cash equivalents in the proprietary funds were $16,971,837 at fiscal yearend.
- Investment balances in the proprietary were $32,382,350 at fiscal yearend.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a positive variance of $93,382 over budgeted general fund revenues. There was a total positive variance of $601,949 in budgeted expenditure appropriations. $695,331 was the budget surplus of revenues over expenditures before other financing sources (uses). There was a total net positive budget variance of $1,104,942.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $140,961,104 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $138,495,971 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. The City's total investment in capital assets increased by $24,803,963, net of depreciation.

Major capital asset events during the current year include the following:

- Purchased six 2023 Tahoes totaling $484,771.
- Purchased 10.9 acres of park land for $558,056.
- Continued work on Wilson Park for $1,813,567.
- Continued work on Caldwell Park for $2,753,966.
- Made improvements to Fire Station No. 2 for $3,882,860.
- Rehabilitation costs related to 2nd Street totaling $3,076,417.
- Improvements to Beauchamb Street totaling $905,637.
- Continued construction on the San Remo round-about for $467,374.
- Continued construction on Myrick Lane for $4,051,002.
- Made improvements to Teakwood Street totaling $1,067,010.
- Improvements to park trails totaling $194,670.
- Purchased equipment for the fire department for $373,609.
- Construction continued on multiple streets totaling $11,479,105.
- Improvements to the WWTP Interceptor totaling $15,282,429.
- Improvements to the Tickey Creek station totaling $4,237,667.
- Improvements to the Eastridge Booster Station totaling $2,548,779.
- New water infrastructure improvements and additions totaling $12,329,183.
- New storm water infrastructure improvements and additions totaling $7,466,300.

More detailed information about the City's capital assets is presented in note IV.C to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total debt obligations (including premiums) of $107,429,483. Of this amount, $853,252 is self-supporting through revenues collected from the rates of the City's utility fund. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions. The City entered into multiple notes payables totaling $803,610 in the current year. The City entered into multiple leases during the current year totaling $117,526. More detailed information about the City's long-term liabilities is presented in note IV. D and E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Princeton, Texas and improving services provided to their public citizens. The City is budgeting for continued growth when preparing the budget for the upcoming year.

The 2023-2024 Fiscal Year Budget was approved by City Council on September 18, 2023. The tax rate adopted that same day was $0.440226 per $100 assessed value, a reduction from the previous year's rate. The City's Ad Valorem tax base is expected to grow in new property again this year. It is estimated this new property will add $1,346,853 in additional ad valorem revenues. This increase will help to offset the growing increase in the City's operating costs to provide adequate services to the citizens of Princeton, Texas.

The total combined revenue budget for the fiscal year 2023-2024 totals $63,833,905. This is an increase of $3,288,990, or 5%, from the prior fiscal year. This is due, in large part, to an increase in charges for services in the Water & Wastewater Fund and building permits due to continued development. Total combined expenditures budgeted for the fiscal year 2023-2024 was $68,233,173. This includes funding for both operating and capital purposes. This amount represents a $18,775,043 increase, or 38%. This is due in large part to debt to be issued in FY24 and construction of water storage project.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 3815-B Princeton Rd., Princeton Texas 75048 or call (972) 495-1212.

FINANCIAL STATEMENTS

City of Princeton, Texas

STATEMENT OF NET POSITION

September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 44,365,119	$ 43,668,888	$ 88,034,007
Investments	543,532	-	543,532
Receivables, net	1,043,030	3,880,015	4,923,045
Note receivable from component unit - current	465,271	-	465,271
Inventory	13,412	115,500	128,912
Prepaids	88,482	599	89,081
Total Current Assets	46,518,846	47,665,002	94,183,848
Noncurrent assets:			
Due from component unit - noncurrent	5,907,323	-	5,907,323
Note receivable	-	-	-
Capital assets:			
Non-depreciable	18,621,476	36,866,624	55,488,100
Net depreciable capital assets	122,339,628	101,629,347	223,968,975
Noncurrent Assets	146,868,427	138,495,971	285,364,398
Total Assets	193,387,273	186,160,973	379,548,246
Deferred Outflows of Resources			
Pension outflows	1,433,002	282,305	1,715,307
OPEB outflows	12,924	2,517	15,441
Deferred charge on refunding	61,476	222,272	283,748
Total Deferred Outflows of Resources	$ 1,507,402	$ 507,094	$ 2,014,496

Component Units	
EDC	CDC
$ 5,394,040	$ 2,195,357
-	-
316,210	316,210
-	-
-	-
1,764	1,431
5,712,014	2,512,998
-	-
1,332,174	-
1,433,663	18,532
1,881,292	1,441,180
4,647,129	1,459,712
10,359,143	3,972,710
-	-
-	-
-	-
$ -	$ -

City of Princeton, Texas

STATEMENT OF NET POSITION (Continued)

September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ 3,980,460	$ 3,712,160	$ 7,692,620
Accrued interest payable	183,455	137,919	321,374
Developer deposits	242,067	-	242,067
Customer deposits	-	1,948,880	1,948,880
Compensated absences - current	870,022	178,269	1,048,291
Long term debt due within one year	4,031,227	1,287,862	5,319,089
Current Liabilities	9,307,231	7,265,090	16,572,321
Noncurrent liabilities:			
Compensated absences, noncurrent	96,669	19,808	116,477
Long-term debt - noncurrent	47,545,004	54,565,390	102,110,394
Total pension liability	1,244,207	289,799	1,534,006
OPEB liability	95,574	32,868	128,442
Noncurrent Liabilities	48,981,454	54,907,865	103,889,319
Total Liabilities	58,288,685	62,172,955	120,461,640
Deferred Inflows of Resources			
Pension inflows	36,196	6,079	42,275
OPEB inflows	47,445	7,417	54,862
Total Deferred Inflows of Resources	83,641	13,496	97,137
Net Position			
Net investment in capital assets	91,909,419	83,383,917	175,293,336
Restricted for:			
Debt service	2,910,730	-	2,910,730
TIRZ activities	2,918,982	-	2,918,982
Use of impact fees	7,533,813	12,958,953	20,492,766
Capital improvements, including PEG fees	14,521,867	-	14,521,867
Public safety	189,949	-	189,949
Storm water use	-	996,941	996,941
Economic development	-	-	-
Community development	-	-	-
Unrestricted	16,537,589	27,141,805	43,679,394
Total Net Position	$ 136,522,349	$ 124,481,616	$ 261,003,965

See Notes to Financial Statements.

Component Units	
EDC	CDC
$ 53,513	$ 23,350
-	-
-	-
-	-
-	-
52,141	413,130
105,654	436,480
-	-
749,839	5,157,484
-	-
-	-
749,839	5,157,484
855,493	5,593,964
-	-
-	-
-	-
3,845,149	(4,110,902)
-	-
-	-
-	-
-	-
-	-
-	-
5,658,501	-
-	2,489,648
-	-
$ 9,503,650	$ (1,621,254)

City of Princeton, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 3,668,100	$ 743,987	$ 828,125	$ -
Public safety	9,582,884	344,675	-	-
Library	357,341	5,355	-	-
Public services and operations	2,549,290	6,655,574	-	-
Parks and recreation	1,141,138	342,208	-	-
Public works	8,041,809	650,000	-	20,610,447
Interest and fiscal charges	1,380,047	-	-	-
Total Governmental Activities	26,720,609	8,741,799	828,125	20,610,447
Business-Type Activities				
Water and sewer	22,172,549	29,693,034	675,319	13,072,437
Storm water drainage	1,774,521	823,645	-	7,466,300
Total Business-Type Activities	23,947,070	30,516,679	675,319	20,538,737
Total Primary Government	$ 50,667,679	$ 39,258,478	$ 1,503,444	41,149,184
Component Unit				
Princeton Economic Development Corporation	$ 349,626	$ -	$ -	$ -
Princeton Community Development Corporation	728,686	-	-	-
Total Component Units	$ 1,078,312	-	$ -	$ -
		General Revenues:		
		Taxes		
		Property taxes		
		Sales taxes		
		Franchise and local taxes		
		Investment income		
		Gain on sale of assets		
		Other revenues		
		Transfers		
		Total General Revenues and Transfers		
		Change in Net Position		
		Beginning Net Position		
		Ending Net Position		

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	EDC	CDC
$ (2,095,988)	$ -	$ (2,095,988)	$ -	$ -
(9,238,209)	-	(9,238,209)	-	-
(351,986)	-	(351,986)	-	-
4,106,284	-	4,106,284	-	-
(798,930)	-	(798,930)	-	-
13,218,638	-	13,218,638	-	-
(1,380,047)	-	(1,380,047)	-	-
3,459,762	-	3,459,762	-	-
-	21,268,241	21,268,241	-	-
-	6,515,424	6,515,424	-	-
-	27,783,665	27,783,665	-	-
3,459,762	27,783,665	31,243,427	-	-
			(349,626)	-
			-	(728,686)
			(349,626)	(728,686)
13,084,667	-	13,084,667	-	-
3,359,746	-	3,359,746	1,676,226	1,676,226
754,629	-	754,629	-	-
2,012,953	1,750,485	3,763,438	206,895	86,464
786,225	-	786,225	1,253,567	-
537,654	13,285	550,939	46,881	-
(130,480)	130,480	-	-	-
20,405,394	1,894,250	22,299,644	3,183,569	1,762,690
23,865,156	29,677,915	53,543,071	2,833,943	1,034,004
112,657,193	94,803,701	207,460,894	6,669,707	(2,655,258)
$ 136,522,349	$ 124,481,616	$ 261,003,965	$ 9,503,650	$ (1,621,254)

City of Princeton, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2023

	General	Debt Service	TIRZ #1	Street Projects	Park Projects	Total Nonmajor Governmental	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 6,834,897	$ 2,911,229	$ 2,918,982	$ 13,264,547	$ 9,794,074	$ 8,641,390	$ 44,365,119
Investments	543,532	-	-	-	-	-	543,532
Receivables, net	973,161	63,857	-	-	-	6,012	1,043,030
Notes receivable (CU's)	-	6,372,594	-	-	-	-	6,372,594
Due from other funds	-	-	-	-	-	3,186	3,186
Inventories	13,412	-	-	-	-	-	13,412
Prepaids	88,482	-	-	-	-	-	88,482
Total Assets	$ 8,453,484	$ 9,347,680	$ 2,918,982	$ 13,264,547	$ 9,794,074	$ 8,650,588	$ 52,429,355
Liabilities							
Accounts payable and accrued liabilities	$ 1,769,397	$ 499	$ -	$ 1,032,803	$ 441,311	$ 736,450	$ 3,980,460
Developer deposits	29,622	-	-	212,445	-	-	242,067
Due to other funds	3,186	-	-	-	-	-	3,186
Total Liabilities	1,802,205	499	-	1,245,248	441,311	736,450	4,225,713
Deferred Inflows of Resources							
Unavailable revenue -							
Property taxes	91,257	63,857	-	-	-	-	155,114
Notes receivable (CU's)	-	6,372,594	-	-	-	-	6,372,594
Court	39,627	-	-	-	-	-	39,627
Total Deferred Inflows	130,884	6,436,451	-	-	-	-	6,567,335
Fund Balances							
Nonspendable for:							
Prepaids	88,482	-	-	-	-	-	88,482
Inventories	13,412	-	-	-	-	-	13,412
Restricted for:							
Debt service	-	2,910,730	-	-	-	-	2,910,730
TIRZ activities	-	-	2,918,982	-	-	-	2,918,982
Capital improvements	-	-	-	12,019,299	-	7,724,189	19,743,488
Public safety	-	-	-	-	-	189,949	189,949
Parks and recreation	-	-	-	-	9,352,763	-	9,352,763
PEG	93,108	-	-	-	-	-	93,108
Unassigned	6,325,393	-	-	-	-	-	6,325,393
Total Fund Balances	6,520,395	2,910,730	2,918,982	12,019,299	9,352,763	7,914,138	41,636,307
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 8,453,484	$ 9,347,680	$ 2,918,982	$ 13,264,547	$ 9,794,074	$ 8,650,588	$ 52,429,355

See Notes to Financial Statements.

City of Princeton, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2023

Fund Balances - Total Governmental Funds	$	41,636,307
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		18,621,476
Capital assets - net depreciable		122,339,628
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property taxes		155,114
Notes receivable from component unit		6,372,594
Court		39,627
Deferred outflows (inflows) of resources represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow (inflows) of resources (expense/expenditure)/(revenue) until then.		
Deferred charge on refunding		61,476
Deferred outflows of resources - Pension		1,433,002
Deferred outflows of resources - OPEB		12,924
Deferred inflow of resources - Pension		(36,196)
Deferred inflow of resources - OPEB		(47,445)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Bonds and tax notes payable		(46,429,919)
Bond premium/discount		(3,353,293)
Notes and leases payable		(1,793,019)
Accrued interest		(183,455)
Compensated absences		(966,691)
Total pension liability		(1,244,207)
Total OPEB liability		(95,574)
Net Position of Governmental Activities	$	136,522,349

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General	Debt Service	TIRZ #1	Street Projects	Park Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property tax	$ 6,703,001	$ 5,419,235	$ 1,008,497	$ -	$ -	$ -	$ 13,130,733
Sales tax	2,633,611	-	726,135	-	-	-	3,359,746
Franchise and local taxes	754,629	-	-	-	-	-	754,629
Impact and development fees	-	-	-	5,564,003	1,957,809	-	7,521,812
Charges for services	5,351,071	-	-	-	-	-	5,351,071
License and permits	3,082,362	-	-	-	-	-	3,082,362
Intergovernmental	302,984	626,435	-	-	354,362	-	1,283,781
Fines and forfeitures	264,564	-	-	-	-	43,802	308,366
Contributions	-	-	-	11,489,855	1,498,780	100,000	13,088,635
Interest income	432,892	147,912	81,018	494,311	412,124	444,696	2,012,953
Other revenue	535,908	-	-	-	-	1,746	537,654
Total Revenues	20,061,022	6,193,582	1,815,650	17,548,169	4,223,075	590,244	50,431,742
Expenditures							
Current:							
General government	2,907,335	4,341	-	-	-	151,403	3,063,079
Public services and operations	2,506,483	-	-	-	-	-	2,506,483
Public works	2,850,968	-	-	-	-	-	2,850,968
Public safety	9,453,582	-	-	-	-	52,633	9,506,215
Library	327,641	-	-	-	-	-	327,641
Parks and recreation	210,618	-	-	-	-	-	210,618
Debt Service:							
Principal	440,741	3,318,488	-	-	-	-	3,759,229
Interest and fiscal charges	58,791	1,545,770	-	-	-	-	1,604,561
Capital outlay	1,595,340	-	-	19,994,876	5,745,467	4,093,378	31,429,061
Total Expenditures	20,351,499	4,868,599	-	19,994,876	5,745,467	4,297,414	55,257,855
Excess (Deficiency) of Revenues Over (Under) Expenditures	(290,477)	1,324,983	1,815,650	(2,446,707)	(1,522,392)	(3,707,170)	(4,826,113)
Other Financing Sources (Uses)							
Transfers in	229,441	-	-	462,555	-	151,403	843,399
Transfers (out)	-	(55,113)	(545,157)	-	(37,759)	(335,850)	(973,879)
Sale of assets	-	-	-	448,225	338,000	-	786,225
Note issuance	803,610	-	-	-	-	-	803,610
Lease issuance	362,368	-	-	-	-	-	362,368
Total Other Sources (Uses)	1,395,419	(55,113)	(545,157)	910,780	300,241	(184,447)	1,821,723
Net Change in Fund Balances	1,104,942	1,269,870	1,270,493	(1,535,927)	(1,222,151)	(3,891,617)	(3,004,390)
Beginning fund balances	5,415,453	1,640,860	1,648,489	13,555,226	10,574,914	11,805,755	44,640,697
Ending Fund Balances	$ 6,520,395	$ 2,910,730	$ 2,918,982	$ 12,019,299	$ 9,352,763	$ 7,914,138	$ 41,636,307

See Notes to Financial Statements.

City of Princeton, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	(3,004,390)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		31,887,528
Depreciation expense		(7,083,565)
Developer contributions		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(501,722)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(236,822)
Pension expense		(1,301)
OPEB expense		(12,337)
Accrued interest		23,208
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Net change in deferred charges on refunding		(5,588)
Lease issuance		(362,368)
Note issuance		(803,610)
Principal payments on long-term debt		3,759,229
Amortization of debt premium and discount		206,894
Change in Net Position of Governmental Activities	$	23,865,156

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2023

	Business-type Activities		
Assets	**Water & Sewer**	**Storm Water Drainage**	**Total Proprietary Funds**
Current Assets			
Cash and cash equivalents	$ 42,184,787	$ 1,484,101	$ 43,668,888
Receivables, net	3,774,768	105,247	3,880,015
Prepaid items	599	-	599
Inventory	115,500	-	115,500
Total Current Assets	46,075,654	1,589,348	47,665,002
Noncurrent Assets			
Capital assets:			
Non-depreciable	36,866,624	-	36,866,624
Net depreciable capital assets	79,497,773	22,131,574	101,629,347
Total Noncurrent Assets	116,364,397	22,131,574	138,495,971
Total Assets	162,440,051	23,720,922	186,160,973
Deferred Outflows of Resources			
Pension outflows	260,919	21,386	282,305
OPEB outflows	2,265	252	2,517
Deferred charge on refunding	222,272	-	222,272
Total Deferred Outflows	$ 485,456	$ 21,638	$ 507,094

City of Princeton, Texas

STATEMENT OF NET POSITION (Continued)

PROPRIETARY FUNDS

September 30, 2023

	Business-type Activities		
	Water & Sewer	Storm Water Drainage	Total Proprietary Funds
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	$ 3,706,510	$ 5,650	$ 3,712,160
Accrued interest	137,919	-	137,919
Customer deposits	1,948,880	-	1,948,880
Compensated absences - current	175,328	2,941	178,269
Long-term debt - current	1,287,862	-	1,287,862
Total Current Liabilities	7,256,499	8,591	7,265,090
Noncurrent Liabilities			
Compensated absences, noncurrent	19,481	327	19,808
Long-term debt - noncurrent	54,565,390	-	54,565,390
Total pension liability	273,782	16,017	289,799
OPEB liability	29,016	3,852	32,868
Total Liabilities	62,144,168	28,787	62,172,955
Deferred Inflows of Resources			
Pension inflows	5,577	502	6,079
OPEB inflows	6,963	454	7,417
Total Deferred Inflows	12,540	956	13,496
Net Position			
Net investment in capital assets	61,252,343	22,131,574	83,383,917
Restricted for:			
Impact fees	12,958,953	-	12,958,953
Storm water	-	996,941	996,941
Unrestricted	26,557,503	584,302	27,141,805
Total Net Position	$ 100,768,799	$ 23,712,817	$ 124,481,616

See Notes to Financial Statements.

PRINCETON

TEXAS

City of Princeton, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-type Activities		
	Water & Sewer	Storm Water Drainage	Total Proprietary Funds
Operating Revenues			
Charges for services	$ 25,988,184	$ 823,645	$ 26,811,829
Other revenue	13,285	-	13,285
Total Operating Revenues	26,001,469	823,645	26,825,114
Operating Expenses			
Personnel services	1,940,821	175,464	2,116,285
Water purchases	4,045,736	-	4,045,736
Supplies and materials	828,281	13,682	841,963
Repairs and maintenance	606,734	44,740	651,474
Utilities	2,710,814	-	2,710,814
Contractual services	4,156,534	18,777	4,175,311
Depreciation	5,992,836	1,521,858	7,514,694
Total Operating Expenses	20,281,756	1,774,521	22,056,277
Operating Income (Loss)	5,719,713	(950,876)	4,768,837
Nonoperating Revenues (Expenses)			
Impact fees	3,704,850	-	3,704,850
Interest income	1,718,628	31,857	1,750,485
Interest (expense)	(1,890,793)	-	(1,890,793)
Total Nonoperating Revenues (Expenses)	3,532,685	31,857	3,564,542
Income (Loss) Before Capital Contributions and Transfers	9,252,398	(919,019)	8,333,379
Capital Contributions and Transfers			
Capital contributions	13,072,437	7,466,300	20,538,737
Intergovernmental revenue	675,319	-	675,319
Transfers in	140,977	-	140,977
Transfers (out)	-	(10,497)	(10,497)
Change in Net Position	23,141,131	6,536,784	29,677,915
Beginning net position	77,627,668	17,176,033	94,803,701
Ending Net Position	$ 100,768,799	$ 23,712,817	$ 124,481,616

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2023

	Water & Sewer	Storm Water Drainage	Total Proprietary Funds
Cash Flows from Operating Activities			
Receipts from customers	$ 25,508,032	$ 816,196	$ 26,324,228
Payments to suppliers	(10,957,143)	(104,971)	(11,062,114)
Payments to employees	(1,870,546)	(169,277)	(2,039,823)
Net Cash Provided (Used) by Operating Activities	12,680,343	541,948	13,222,291
Cash Flows from Noncapital Financing Activities			
Transfers in	140,977	-	140,977
Transfers (out)	-	(10,497)	(10,497)
Net Cash Provided (Used) by Financing Activities	140,977	(10,497)	130,480
Cash Flows from Capital and Related Financing Activities			
Capital purchases	(42,729,856)	-	(42,729,856)
Proceeds from capital grants	13,072,437	-	13,072,437
Intergovernmental revenue	675,319	-	675,319
Impact fees	3,704,850	-	3,704,850
Principal paid on debt	(1,028,735)	-	(1,028,735)
Interest paid on debt	(1,899,350)	-	(1,899,350)
Net Cash Provided (Used) by Capital and Related Financing Activities	(28,205,335)	-	(28,205,335)
Cash Flows from Investing Activities			
Interest on investments	1,718,628	31,857	1,750,485
Net Cash Provided (Used) by Investing Activities	1,718,628	31,857	1,750,485
Net increase (decrease) in Cash and Cash Equivalents	(13,665,387)	563,308	(13,102,079)
Beginning cash and cash equivalents	55,850,174	920,793	56,770,967
Ending Cash and Cash Equivalents	$ 42,184,787	$ 1,484,101	$ 43,668,888

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2023

	Water & Sewer	Storm Water Drainage	Total Proprietary Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income	$ 5,719,713	$ (950,876)	$ 4,768,837
Adjustments to reconcile operating income to net cash provided:			
Depreciation	5,992,836	1,521,858	7,514,694
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(803,438)	(7,449)	(810,887)
Prepaid expenses	13,082	-	13,082
Increase (Decrease) in:			
Accounts payable and accrued liabilities	1,377,874	(27,772)	1,350,102
Compensated absences	37,846	935	38,781
Customer deposits	310,001	-	310,001
Deferred inflows/outflows - Pension	(145,116)	(10,700)	(155,816)
Deferred inflows/outflows - OPEB	9,649	802	10,451
OPEB liability	(7,072)	(588)	(7,660)
Net pension liability	174,968	15,738	190,706
Net Cash Provided (Used) by Operating Activities	$ 12,680,343	$ 541,948	$ 13,222,291

Schedule of Noncash Investing and Financing Activities:

Developer contributions	$ -	$ 7,466,300	$ 7,466,300
Lease issuance	117,526	-	117,526
	$ 117,526	$ 7,466,300	$ 7,583,826

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

September 30, 2023

		Fiduciary Funds
Assets		
Cash and cash equivalents		$ 51,692,179
Special assessment receivable		134,981,000
	Total Assets	186,673,179
Liabilities		
Long-term debt		134,981,000
	Total Liabilities	134,981,000
Net Position		
Restricted for public improvement district		51,692,179
	Total Net Position	$ 51,692,179

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

For the Year Ended September 30, 2023

		Fiduciary Funds
Additions		
Property owner assessments		$ 5,793,106
Impact fee recoveries		56,799,477
Investment earnings		721,364
	Total Additions	63,313,947
Deductions		
Payment to developer		19,486,453
Administrative expenses		2,774,364
Bond issuance costs		1,725,166
Debt service		5,220,512
	Total Deductions	29,206,495
	Change in Net Position	34,107,452
Beginning net position		17,584,727
	Ending Net Position	$ 51,692,179

See Notes to Financial Statements.

PRINCETON

TEXAS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Princeton, Texas ("City") was incorporated in 1912 and has a Council/Manager form of government with a City Council comprised of Mayor and five council members. Some of the services provided are: public safety (police and fire protection), municipal court, streets, water distribution, sewer treatment, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles ("GAAP") for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitles State and Local Governments-Audit and Accounting Guide. The Princeton Economic Development Corporation (the "PEDC") and the Princeton Community Development Corporation (the "CDC"), although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Units

Tax Increment Reinvestment Zone #1

The City created the Tax Increment Reinvestment Zone #1 ("TIRZ #1") to provide additional financing resources to further enhance development within the zone. The City Council appoints a Board and Board members are removable by the City Council. TIRZ #1 was created December 2015 and will terminate in December 2045, or at an earlier time designated

by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. The TIRZ #1 is fiscally dependent on the City, as the City approves their budgets and any debt issuances. The TIRZ #1 qualifies for blending because the Board is the same as the City Council. The TIRZ #1 is reported as a blended component unit of the City (and a major governmental fund) and does not issue separate financial statements.

Tax Increment Reinvestment Zone #2

The City created Tax Increment Reinvestment Zone #2 ("TIRZ #2") in August 2019 and will terminate in December 2050, or at which time the amount of the City's contribution of the Tax Increment into the Tax Increment Fund since the effective date of the Zone equals to a TIRZ par amount of $298,290 plus interest and TIRZ administrative expenses, as set forth in the Project and Finance plan, or at such time that all projects, tax increment bonds, notes and other obligations of the Zone, and the interest thereon, have been paid in full. The TIRZ is fiscally dependent on the City, as the City approves budget and any debt issuance. The TIRZ qualifies for blending because the Board is the same as the City Council. The TIRZ is reported as a blended component unit of the City and there was no activity as of the end of the current fiscal year.

Tax Increment Reinvestment Zone #3

The City created Tax Increment Reinvestment Zone #3 (TIRZ) in July 2022 and will remain in effect until the later of the date by which all PID Bonds have been repair or until such time as the Developer has been fully reimbursed for Project Costs but no more than 30 years from the date of the designation of each Sub-Zone. The TIRZ is fiscally dependent on the City, as the City approves budget and any debt issuance. The TIRZ qualifies for blending due to the Board being the same as the City Council. The TIRZ is reported as a blended component unit of the City and there was no activity as of the end of the current fiscal year.

Discretely Presented Component Units

Princeton Economic Development Corporation

The Princeton Economic Development Corporation (the "EDC") was incorporated on October 1, 2005. The EDC is governed by a seven-member board appointed by and serving at the pleasure of the City Council. The funding for the EDC occurs by the City transferring 1/4 of sales tax revenues collected by the City. The Corporation promotes development of commercial real estate, fosters local prosperity, and offers a competitive advantage for new, relocating, and expanding businesses.

Separate financial statements are not prepared.

Princeton Community Development Corporation

The Princeton Community Development Corporation (the "CDC") was incorporated on July 3, 1997. The CDC is governed by a seven-member board appointed by and serving at the pleasure of the City Council. The funding for the CDC occurs by the City transferring 1/4 sales tax revenues collected by the City. These funds can be used for economic incentives and development and improvement in the quality of life for its citizens.

Separate financial statements are not prepared.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has two discretely presented component units and are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's utility function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services.

Expenditures include general government, public safety, public works, leisure services, development services, and nondepartmental. This fund is considered to be a major fund.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. This fund is considered to be a major fund.

Capital Projects Funds

The Capital Projects funds consist of various types of financial resources and are utilized in the acquiring or constructing of street/roadway infrastructure, buildings, and park infrastructure within the City. These funds include the street project fund, building project fund, and park projects fund. The street project fund and park project fund are considered to be major funds for reporting purposes. The building project fund is considered to be nonmajor for reporting purposes.

Tax Increment Reinvestment Zone #1

The TIRZ fund accounts for the property and sales taxes collected in the TIRZ zone for the purpose of funding infrastructure and projects in particular development areas. This fund is considered major for reporting purposes.

The government reports the following major enterprise fund:

Water and Sewer Fund

The Water and Sewer Fund accounts for the operations of the City's water and sewer utilities. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed annually.

Storm Drainage Fund

The Storm Water Drainage Fund accounts for the City's storm water development and maintenance to the residents of the City.

Additionally, the government reports the following fund types:

Special Revenue Funds

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenue sources for this fund include donations, fines and fees, and grants. The court, police ARPA, and business incentives funds are considered nonmajor for reporting purposes.

Fiduciary Funds

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers. The funding for the developments are derived from PID bonds that are held in trust by the City. The City is responsible for ensuring that the assets reported are used for their intended purposes. These custodial funds use the economic resources measurement focus. The City reports eight fiduciary funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of

accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds use economic measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

D. Assets, Liabilities, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories of supplies are reported at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized (the consumption method).

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Right-to-use equipment	3 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	30 to 45 years
Buildings and improvements	15 to 45 years

6. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the fund.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of an amount equal to or greater than 25% of operating expenditures. The utility fund working capital should be maintained at a minimum of 20-25% of the total operating expenditures or the equivalent of 75 days. The debt service fund reserve is maintained at a level to support interest and principal payments in the event of a delay in property tax collections.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund

upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

10. Leases

Lessee: The City is a lessee for noncancellable lease of equipment and vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

11. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

14. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

E. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

3. Compensated Absences

City employees earn vacation and comp time, which may either be taken or accumulated, up to certain amounts, until retirement or termination. Sick time and extended leave do not roll over and is not paid upon separation from the City. Upon termination or retirement, an employee is reimbursed up to a maximum number of 160 hours of unused vacation pay based upon the years of service. Sick leave is not paid at termination or retirement. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in

governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items

when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, TIRZ #1, court, police, and American Rescue Plan funds. The capital project funds are appropriated on a project-length basis and often span a period of more than one year. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Supplemental budget appropriations were made during the year, impacting certain governmental funds.

The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available, or an approved budget amendment has been submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended, if necessary.

A. Expenditures Exceeding Appropriations

During the year ended September 30, 2023, expenditures exceeded appropriations at the legal level of control in the American Rescue Plan fund by $59,085.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.D.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City's investments in 2a7-like pools such as TexStar are included in this category. Although the City's investments in TexStar are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond rating are required.

As of September 30, 2023, the primary government had the following investments:

Cash and Cash Equivalent	Value	Weighted Average Maturity (Years)	Credit Rating
Certificate of deposits	$ 543,532	0.39	-
External investment pools			
TexPool	52,236,719	0.08	AAAm
TexSTAR	19,783,603	0.09	AAAm
Total fair value	$ 72,563,854		

The discretely presented component units, Princeton EDC and CDC, had the following investments at year end:

Cash and Cash Equivalent	Value	Weighted Average Maturity (Years)	Credit Rating
TexPool	$ 6,913,149	0.08	AAAm
Total fair value	$ 6,913,149		

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed three years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAAm, or equivalent, by at least one nationally recognized rating service. As of September 30, 2023, the City's investment in TexPool was rated AAAm by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. As of September 30, 2023, the fair values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2023, the fair value of the position in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR

The TexStar Participant Services Local Government Investment Pool ("TexStar") is an external investment pool operated by First Southwest Asset Management, Inc. and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexStar and of other persons who do not have a business relationship with TexStar. The Advisory Board members review the investment policy and management fee structure. Standard & Poor's rates TexStar AAAm. At September 30, 2023, the fair value of the position in TexStar approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

B. Receivables

1. The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Nonmajor Govt.	Water and Sewer	Storm Water Drainage	Total
Property taxes	$ 97,801	$ 63,857	$ -	$ -	$ -	$ 161,658
Sales tax	632,420	-	-	-	-	632,420
Franchise taxes	110,593	-	-	-	-	110,593
Fines	1,401,107	-	-	-	-	1,401,107
Accounts	-	-	6,012	4,179,486	117,399	4,302,897
Notes (CU's)	-	6,372,594	-	-	-	6,372,594
Other	93,452	-	-	-	-	93,452
Allowance	(1,362,212)	-	-	(404,718)	(12,152)	(1,779,082)
Total	$ 973,161	$ 6,436,451	$ 6,012	$ 3,774,768	$ 105,247	$ 11,295,639

2. The following comprise receivable balances of the component units at year end:

	Princeton EDC	Princeton CDC	Total
Sales tax	$ 316,210	$ 316,210	$ 632,420
	$ 316,210	$ 316,210	$ 632,420

3. The 2021 General Obligation Refunding Bonds were issued in October 2021. One of the Bonds that this issue paid in full was the 2011 General Obligation Refunding Bonds. The Community Development Corporation agreed to continue to pay its portion of the refunded debt. The portion of this debt will be paid in full in FY 2029. As of the year ending September 30, 2023 the balance was $125,614.

   The Community Development Corporation agreed to pay a portion of the City's 2019 Tax Note by remitting to the City from the receipts of local sales and use taxes received by the Corporation. The CDC's portion of the 2019 Tax Note is for the construction of the Community Center. As of the year ending September 30, 2023 the balance was $560,000.

   The Community Development Corporation agreed to pay a portion of the City's 2021 Certificate of Obligation Bonds by remitting to the City from the receipts of local sales and use taxes received by the Corporation. The CDC's portion of the 2021 CO is for funding of park improvements. As of the year ending September 30, 2023 the balance was $4,885,000.

   The Economic Development Corporation agreed to pay a portion of the City's 2016 Certificates of Obligation to the City from the receipts of local sales and use taxes received by the corporation. As of the year ending September 30, 2023 the balance was $801,980.

The following is a summary of long-term notes receivable for governmental activities:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances	Due in One Year
Long-Term Notes Receivables					
Community Development Corporation					
CDC Series 2021, Certificates of obligation	$ 5,090,000	$ -	$ (205,000)	$ 4,885,000	$ 210,000
CDC Series 2012, General obligation bonds	145,040	-	(19,426)	125,614	18,130
CDC Series 2019, Tax note	740,000	-	(180,000)	560,000	185,000
Economic Development Corporation					
EDC Series 2016, Certificates of obligation	853,210	-	(51,230)	801,980	52,141
Total Long-Term Notes Receivables	$ 6,828,250	$ -	$ (455,656)	$ 6,372,594	$ 465,271
Long-Term Notes Receivables due in more than one year				$ 5,907,323	

Year ending	CDC		EDC	
September 30,	Principal	Interest	Principal	Interest
2024	$ 413,130	$ 133,011	$ 52,141	$ 22,859
2025	424,425	304,965	53,117	21,883
2026	435,720	298,930	54,335	20,665
2027	250,720	100,827	55,767	19,233
2028	263,310	94,455	56,895	18,105
2029-2033	1,343,310	331,021	315,998	59,002
2034-2038	1,480,000	173,230	213,727	11,273
2039-2041	959,999	30,017	-	-
	$ 5,570,614	$ 1,466,456	$ 801,980	$ 173,020

4. The following comprises a note receivable balance of the component unit, Princeton Economic Development Corporation, at year end. The note was issued for the sale of land with a principal amount of $1,332,174 and an interest rate of 8%.

Year ending	Note Receivable	
September 30,	Principal	Interest
2024	$ -	$ 26,643
2025	-	106,574
2026	-	106,574
2027	-	106,574
2028	-	106,574
2029	-	106,574
2030-2034	-	532,870
2035-2039	1,332,174	515,108
	$ 1,332,174	$ 1,607,491

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 5,217,124	$ 558,056	$ -	$ 5,775,180
Construction in progress	16,925,736	17,566,156	(21,645,596)	12,846,296
Total capital assets not being depreciated	22,142,860	18,124,212	(21,645,596)	18,621,476
Capital assets, being depreciated:				
Buildings and improvements	34,211,464	3,692,529	167,434	38,071,427
Machinery and equipment	5,721,352	908,209	(167,434)	6,462,127
Right to use assets	591,173	1,181,332	-	1,772,505
Infrastructure	76,465,684	7,981,246	21,645,596	106,092,526
Total capital assets being depreciated	116,989,673	13,763,316	21,645,596	152,398,585
Less accumulated depreciation				
Buildings and improvements	3,150,753	1,534,268	102,155	4,787,176
Machinery and equipment	3,897,019	315,818	(102,155)	4,110,682
Right to use assets	199,791	217,457	-	417,248
Infrastructure	15,727,829	5,016,022	-	20,743,851
Total accumulated depreciation	22,975,392	7,083,565	-	30,058,957
Net capital assets being depreciated	94,014,281	6,679,751	21,645,596	122,339,628
Total Capital Assets	$ 116,157,141	$ 24,803,963	$ -	$ 140,961,104

Depreciation was charged to governmental functions as follows:

General government	$ 522,828
Public safety	410,187
Public works	5,149,775
Library	29,972
Public servics and operations	44,357
Parks and recreation	926,446
Total Governmental Activities Depreciation Expense	$ 7,083,565

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 286,763	$ -	$ -	$ 286,763
Construction in progress	10,705,041	25,874,820	-	36,579,861
Total capital assets not being depreciated	10,991,804	25,874,820	-	36,866,624
Capital assets, being depreciated:				
Buildings and improvements	235,326	-	-	235,326
Machinery and equipment	1,516,999	-	-	1,516,999
Right-to-use assets	92,560	133,390	-	225,950
Infrastructure	103,516,220	24,305,472	-	127,821,692
Total capital assets being depreciated	105,361,105	24,438,862	-	129,799,967
Less accumulated depreciation				
Buildings and improvements	128,502	46,381	-	174,883
Machinery and equipment	1,284,904	92,691	-	1,377,595
Right-to-use assets	10,054	62,805	-	72,859
Infrastructure	19,232,466	7,312,817	-	26,545,283
Total accumulated depreciation	20,655,926	7,514,694	-	28,170,620
Net capital assets being depreciated	84,705,179	16,924,168	-	101,629,347
Total Capital Assets	$ 95,696,983	$ 42,798,988	$ -	$ 138,495,971

Depreciation was charged to business-type activities as follows:

Water & sewer	$ 5,992,836
Storm drainage	1,521,858
Total Business-Type Activities Depreciation Expense	$ 7,514,694

A summary of changes in component unit activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 1,433,663	$ -	$ -	$ 1,433,663
Construction in progress	2,530,410	117,890	(2,629,768)	18,532
Total capital assets not being depreciated	3,964,073	117,890	(2,629,768)	1,452,195
Capital assets, being depreciated:				
Buildings and improvements	1,453,869	16,745	-	1,470,614
Machinery and equipment	25,553	-	-	25,553
Infrastructure	503,434	138,438	1,314,456	1,956,328
Total capital assets being depreciated	1,982,856	155,183	1,314,456	3,452,495
Less accumulated depreciation				
Buildings and improvements	25,691	3,743	-	29,434
Machinery and equipment	25,553	-	-	25,553
Infrastructure	50,344	24,692	-	75,036
Total accumulated depreciation	101,588	28,435	-	130,023
Net capital assets being depreciated	1,881,268	126,748	1,314,456	3,322,472
Total Capital Assets	$ 5,845,341	$ 244,638	$ (1,315,312)	$ 4,774,667

Depreciation was charged to component unit activities as follows:

Economic development	$ 24,692
Community development	3,743
Total Component Unit Activities Depreciation Expense	$ 28,435

D. Other Long-term Liabilities

The following summarizes the changes in the City's other long-term liabilities for the year ended. In general, the City uses the general fund and utility fund to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 729,869	$ 783,396	$ (546,574)	$ 966,691	$ 870,022
Total Governmental Activities	$ 729,869	$ 783,396	$ (546,574)	$ 966,691	$ 870,022
Other Long-term Liabilities Due in More than One Year				$ 96,669	
Business-Type Activities:					
Compensated Absences	$ 159,296	$ 182,515	$ (143,734)	$ 198,077	$ 178,269
Total Business-Type Activities	$ 159,296	$ 182,515	$ (143,734)	$ 198,077	$ 178,269
Other Long-term Liabilities Due in More than One Year				$ 19,808	

E. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. The general fund, debt service fund and water/sewer funds have typically been used to liquidate the long-term debt obligations for the primary government. The general fund is typically used to liquidate the net pension and OPEB liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
Certificates of Obligations	$ 37,325,000	$ -	$ (1,630,000)	$ 35,695,000	$ 1,695,000
General Obligation Bonds	2,243,407	-	(218,488)	2,024,919	218,488
Discount	(157,680)	-	9,729	(147,951)	-
Premium	3,717,867	-	(216,623)	3,501,244	-
Note payables	673,092	803,610	(240,923)	1,235,779	360,047
Tax notes	10,180,000	-	(1,470,000)	8,710,000	1,540,000
Other liabilities:					
Lease liabilities	394,690	362,368	(199,818)	557,240	217,692
Total Governmental Activities	$ 54,376,376	$ 1,165,978	$ (3,966,123)	$ 51,576,231	$ 4,031,227
Long-term liabilities due in more than one year				$ 47,545,004	
Business-Type Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	$ 6,366,593	$ -	$ (336,512)	$ 6,030,081	$ 341,512
Certificates of Obligations	19,420,000	-	-	19,420,000	210,000
Premium	1,409,203	-	(57,442)	1,351,761	-
Contractual obligations - GTUA	29,545,000	-	(645,000)	28,900,000	670,000
Other liabilities:					
Lease liabilities	81,107	117,526	(47,223)	151,410	66,350
Total Business-Type Activities	$ 56,821,903	$ 117,526	$ (1,086,177)	$ 55,853,252	$ 1,287,862
Long-term liabilities due in more than one year				$ 54,565,390	
Component Unit Activities					
Bonds, notes and other payables:					
Certificates of Obligation	$ 5,943,210	$ -	$ (256,230)	$ 5,686,980	$ 262,141
General Obligation Bonds	145,040	-	(19,426)	125,614	18,130
Tax notes	740,000	-	(180,000)	560,000	185,000
Total Component Unit Activities	$ 6,828,250	$ -	$ (455,656)	$ 6,372,594	$ 465,271
Long-term liabilities due in more than one year				$ 5,907,323	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The business-type long-term debt will be repaid, plus accrued interest, from operating revenues of the utility fund.

Long-term debt for governmental activities at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
Governmental Activities:			
Certificates of Obligaiton			
2014 Certificates of obligation	2.50%	$ 1,285,000	$ 860,000
2015 Certificates of obligation	2.50%	3,245,000	2,255,000
2016 Certificates of obligation	2.00%	8,465,000	6,710,000
2020 Certificates of obligation	4.00-5.00%	17,365,000	15,915,000
2021 Certificates of obligation	4.00%	10,800,000	9,955,000
Total Certificates of Obligation		41,160,000	35,695,000
General Obligation Bonds			
2021 General obligation refunding bonds	2.00-4.00%	3,170,000	2,024,919
Tax Notes			
2019 Tax note	2.20%	7,790,000	3,110,000
2022 Tax note	1.90%	6,075,000	5,600,000
Total Tax Notes		13,865,000	8,710,000
Other Liabiliities:			
Note payables	Various	1,655,608	1,235,779
Lease liabilities	5.00%	538,755	557,240
Total Governmental Activities		$ 60,389,363	$ 48,222,938

Long-term debt for business-type activities at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
Business-type Activities:			
Certificates of Obligation			
2022 Certificates of Obligation	4.15-6.00%	$ 19,420,000	$ 19,420,000
General Obligation Bonds			
2015 General obligation refunding bonds	2.00-4.00%	6,100,000	5,460,000
2021 General obligation refunding bonds	2.00-4.00%	3,170,000	570,081
Total General Obligation Bonds		$ 9,270,000	$ 6,030,081
Contractual Obligations - Greater Texoma Utility Authority ("GTUA")			
2018 GTUA	2.35%	14,665,000	14,530,000
2019 GTUA	2.53%	2,255,000	1,970,000
2022 GTUA	3.0-5.0%	13,060,000	12,400,000
Total General Obligation Bonds		$ 29,980,000	$ 28,900,000
Other Liabiliities:			
Lease liabilities	5.0%	192,224	151,410
Total Business-Type Activities		$ 58,862,224	$ 54,501,491
Total Primary Government Activities		$ 119,251,587	$ 102,659,622

Under the terms of long-term water supply and sewer service contracts between the City and Greater Texoma Utility Authority (GTUA), the City recognizes that GTUA has an undivided ownership interest in the City's water system and sewer collection and treatment facility equivalent to the percentage of the total cost of the facility provided by GTUA through the issuance of GTUA Certificates of Obligation.

The City has contractual obligation to make payments specified by the contract to GTUA to pay the principal and interest on the bonds, maintain a Reserve Fund for the security and payment of bonds similarly secured, pay the administrative and overhead expenses of GTUA directly attributable to the certificates of obligation, and pay any extraordinary expenses incurred by GTUA in connection with the debt. Under terms of the contracts, the City's obligation to make payments to GTUA, as well as GTUA's ownership interest in the facilities,

terminates when all of GTUA's bonds issued in connection with construction of the facilities have been paid in full, are retired, and are no longer outstanding.

Long-term debt for component unit activities at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
Component Unit Activities:			
Certificates of Obligaiton			
2016 Certificates of obligation	2.00%	$ 8,465,000	$ 801,980
2021 Certificates of obligation	4.00%	10,800,000	4,885,000
Total Certificates of Obligation		19,265,000	5,686,980
General Obligation Refunding Bonds			
2021 General obligation refunding bond	2.00-4.00%	3,170,000	125,614
Other Liabiliities:			
Tax Notes	2.20%	7,790,000	560,000
Total Component Unit Activities		$ 41,700,000	$ 6,372,594

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Year ending	General Obligation Bonds		Tax Notes		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 218,488	$ 61,099	$ 1,540,000	$ 158,668	$ 1,695,000	$ 1,184,194
2025	226,291	56,651	1,575,000	126,000	1,755,000	1,118,994
2026	230,193	52,086	1,605,000	92,647	1,820,000	1,055,319
2027	230,193	45,180	1,315,000	63,317	1,885,000	993,406
2028	249,701	35,582	1,340,000	38,095	1,945,000	923,384
2029-2033	725,693	79,534	1,335,000	12,683	11,270,000	3,395,739
2034-2038	144,360	2,165	-	-	10,855,000	1,502,904
2039-2043	-	-	-	-	4,470,000	162,928
Total	$ 2,024,919	$ 332,297	$ 8,710,000	$ 491,410	$ 35,695,000	$ 10,336,868

Notes Payable

Year ending September 30,	Governmental Activities	
	Principal	Interest
2024	$ 360,047	$ 32,146
2025	362,684	29,508
2026	192,789	16,320
2027	80,868	8,129
2028	82,828	6,169
2029-2033	156,563	6,267
	$ 1,235,779	$ 98,539

Lease Liabilities

Year ending September 30,	Governmental Activities	
	Principal	Interest
2024	$ 217,692	$ 32,146
2025	158,630	29,508
2026	100,472	16,320
2027	44,109	8,129
2028	36,337	6,169
	$ 557,240	$ 92,272

The City entered into a lease to finance vehicles/equipment. The property is classified as right-to-use asset with a total carrying value as of yearend for governmental activities of $574,746.

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Year ending	GTUA Obligations	
September 30,	Principal	Interest
2024	$ 670,000	$ 931,846
2025	700,000	950,483
2026	720,000	923,315
2027	755,000	900,050
2028	780,000	870,218
2029-2033	4,590,000	3,170,095
2034-2038	5,315,000	2,493,885
2039-2043	6,045,000	1,766,160
2044-2048	6,880,000	925,835
2049-2052	2,445,000	186,150
Total	$ 28,900,000	$ 13,118,037

Year ending	General Obligation Bonds	
September 30,	Principal	Interest
2024	$ 341,512	$ 212,826
2025	353,708	203,024
2026	364,807	192,139
2027	374,807	179,520
2028	390,299	165,793
2029-2033	1,999,307	616,460
2034-2038	2,205,641	542,285
Total	$ 6,030,081	$ 2,112,047

Year ending	Certificates of Obligation	
September 30,	Principal	Interest
2024	$ 210,000	$ 897,225
2025	220,000	884,325
2026	240,000	870,525
2027	250,000	855,825
2028	270,000	840,225
2029-2033	1,930,000	3,888,550
2034-2038	2,465,000	3,327,000
2039-2043	2,860,000	2,665,281
2044-2048	3,575,000	1,959,344
2049-2052	7,400,000	645,575
Total	$ 19,420,000	$ 16,833,875

Lease Liabilities

Year ending	Business-Type Activities	
September 30,	Principal	Interest
2024	$ 66,350	$ 5,573
2025	62,737	2,319
2026	22,323	278
	$ 151,410	$ 8,170

The City entered into a lease to finance vehicles/equipment. The property is classified as right-to-use asset with a total carrying value as of yearend for business-type activities of $153,091.

The annual requirements to amortize component unit activities debt issues outstanding at year ending were as follows:

Year ending	Certificates of Obligation	
September 30,	Principal	Interest
2024	$ 262,141	$ 141,959
2025	273,117	132,383
2026	279,335	124,656
2027	285,767	119,102
2028	296,895	111,161
2029-2033	1,635,998	389,557
2034-2038	1,693,727	184,503
2039-2043	960,000	30,017
Total	$ 5,686,980	$ 1,233,338

Year ending	General Obligation Bonds	
September 30,	Principal	Interest
2024	$ 18,130	$ 3,626
2025	19,425	3,250
2026	20,720	2,849
2027	20,720	958
2028	23,310	1,399
2029-2033	23,309	466
Total	$ 125,614	$ 12,548

Year ending	Tax Notes	
September 30,	Principal	Interest
2024	$ 185,000	$ 10,285
2025	185,000	6,215
2026	190,000	2,090
Total	$ 560,000	$ 18,590

F. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2015 and 2021 general obligation refunding and improvement bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental activities totaled $61,476 and $222,272 for business-type activities. Current year amortization expense for governmental activities totaled $5,588 and $13,696 for business-type activities.

G. Public Improvement Districts

Special Assessment Revenue bonds are issued by the City for the Public Improvement Districts (PID) and are secured solely from assessment revenues generated by each PID. The City is not obligated in any manner for this special assessment debt but merely acts as the developer's agent in handling the debt service by each PID and forwarding to the Trustee for payment to the bond holders. The Trustee for the bond proceeds were deposited into trust accounts with Regions Bank for the purpose of funding improvements in the projects. Regions Bank serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time-to-time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned, or transferred to the Trustee.

H. Interfund Transactions

Transfers between the primary government funds during the 2023 year were as follows:

	Transfers In:				
Transfers Out:	**General**	**Street Projects**	**Water & Sewer**	**Nonmajor Funds**	**Total**
Storm water	$ -	$ 10,497	$ -	$ -	$ 10,497
Debt service	-	-	55,113	-	55,113
Park project	-	-	-	37,759	37,759
TIRZ #1	7,235	452,058	85,864	-	545,157
Nonmajor govt.	222,206	-	-	113,644	335,850
Total	$ 229,441	$ 462,555	$ 140,977	$ 151,403	$ 984,376

Transfers from the utility fund were used to fund the operating budget of the general fund and do not relate to specific expenditures that are being reimbursed. Transfers from the general fund to the capital projects fund were made for construction projects.

The compositions of interfund balances as of year end were as follows:

	Due to: (Payable fund)
Due from: (Receivable fund)	**General Fund**
Nonmajor governmental	$ 3,186
	$ 3,186

The purpose of interfund receivables and payables is to loan cash between funds. All balances are expected to be settled with issuance of new debt or the collection of property taxes.

I. Restricted Net Position

The City records restricted net position to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted net position of the City:

	Governmental Activities	Business-Type Activities	EDC	CDC
Restricted for:				
Debt service	$ 2,910,730	$ -	$ -	$ -
TIRZ activities	2,918,982	-	-	-
Use of impact fees	7,533,813	12,958,853	-	-
Capital improvements	14,508,355	-	-	-
* Public safety	189,949	-	-	-
Storm water use	-	996,941	-	-
Economic development	-	-	5,658,501	-
Municipal development	-	-	-	2,489,648
Total	$ 28,061,829	$ 13,955,794	$ 5,658,501	$ 2,489,648

***** Restricted by enabling legislation

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

GASB 62 defines probability of loss contingencies as the following:

Probable. The future event or events are likely to occur.
Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
Remote. The chance of the future event or events occurring is slight.

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Construction Commitments

The government has active construction projects as of September 30, 2023. The projects include street construction and improvements and the construction of additional water lines and repairs. At year end the government's commitments with contractors are as follows:

Government Activities:

Project Description	Contract Amount	Expended to Date	Remaining Commitment
R30 2ND ST RECON	3,489,066	2,152,848	$ 1,336,218
R35 SAN REMO RECON	466,000	374,396	91,604
R55 TEAKWOOD DR RECON	1,053,528	1,000,852	52,676
R45 MYRICK LANE	12,790,875	7,614,344	5,176,531
F03 FIRE STATION #2	6,122,467	3,562,186	2,560,281
P24 JJ BOOK WILSON PARK PH1	2,989,958	2,790,553	199,405
P32 CALDWELL PARK RR & SS	319,055	9,450	309,605
P36 PARKS & REC FACILITY	3,017,996	2,492,229	525,768
	$ 30,248,945	$ 19,996,857	$ 10,252,088

Business-Type Activities:

Project Description	Contract Amount	Expended to Date	Remaining Commitment
W38 EASTRIDGE BOOSTER STATION	6,250,000	1,389,850	$ 4,860,150
S38 SHEAMAR L WWTR INTERCEPTOR	17,167,420	16,145,327	1,022,093
S40 TICKEY CREEK P1 WWTR INTERCEPTOR	4,217,310	3,853,151	364,159
	$ 27,634,730	$ 21,388,328	$ 6,246,402

D. Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City of Princeton participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and

administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	Plan Year 2021	Plan Year 2022
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	56
Active employees	143
Total	221

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Princeton were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Princeton were 11.97% and 12.01% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were $1,202,895, and were equal to the required contributions.

4. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other Public/Private Markets	12.0%	8.1%
Real Estate	12.0%	5.8%
Hedge Funds	5.0%	6.9%
Private Equity	10.0%	11.8%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 4,019,080	$ 1,534,006	$ (437,803)

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/21	$ 11,600,932	$ 11,393,126	$ 207,806
Changes for the year:			
Service Cost	1,478,135	-	1,478,135
Interest	822,375	-	822,375
Difference between expected and actual experience	(226,946)	-	(226,946)
Changes of assumptions	-	-	-
Contributions – employer	-	992,965	(992,965)
Contributions – employee	-	586,562	(586,562)
Net investment income	-	(833,553)	833,553
Benefit payments, including refunds of emp. contributions	(313,332)	(313,332)	-
Administrative expense	-	(7,197)	7,197
Other changes	-	8,587	(8,587)
Net changes	1,760,232	434,032	1,326,200
Balance at 12/31/22	$ 13,361,164	$ 11,827,158	$ 1,534,006

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of $1,197,308.

At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	$ -	$ (42,275)
Changes in actuarial assumptions	11,183	-
Difference between projected and investment earnings	796,399	-
Contributions subsequent to the measurement date	907,725	-
Total	$ 1,715,307	$ (42,275)

The City reported $907,725 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2024	$ 134,957
2025	215,829
2026	176,999
2027	270,828
2025	(33,306)
Thereafter	-
Total	$ 765,307

Other Postemployment Benefits

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City offers supplemental death to:	Plan Year 2022	Plan Year 2021
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2023, 2022 and 2021 were $3,813, $2,301 and $1,534, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2021	0.03%	0.03%	100.0%
2022	0.03%	0.03%	100.0%
2023	0.04%	0.04%	100.0%

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	7
Active employees	143
Total	166

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2022, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	4.05%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

1% Decrease (3.05%)	Current Single Rate Assumption 4.05%	1% Increase (5.05%)
$ 156,516	$ 128,442	$ 107,007

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/21	$ 178,321
Changes for the year:	
Service Cost	29,328
Interest	3,528
Difference between expected and actual experience	(5,609)
Changes of assumptions	(74,612)
Benefit payments	(2,514)
Net changes	(49,879)
Balance at 12/31/22	$ 128,442

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of $26,302.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes in actuarial assumption changes	$ -	(38,586)
Difference between expected and actual experience	-	(16,276)
Contributions subsequent to measurement date	15,441	-
Total	$ 15,441	$ (54,862)

The City reported $15,441 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended December 31:	
2023	$ (6,554)
2024	(6,987)
2025	(6,721)
2026	(7,181)
2027	(9,157)
Thereafter	(18,262)
	$ (54,862)

E. Volunteer Firefighters Retirement

The City participates in the Texas Emergency Services Retirement System (TESRS). This is a pension system for volunteer firefighters and first responders. Members are half-vested at 10 years of qualified service, and are eligible to receive a lifetime annuity at the age of 55. Members are fully-vested at 15 years of qualified service, and are eligible to receive a lifetime annuity at the age of 55. The City currently has 18 volunteer firefighters participating. During the fiscal year, $2,499 was paid to TESRS.

F. Health Care Coverage

During the year ended September 30, 2023, employees of the City were covered by a health, dental, and vision insurance plans. The City contributed $688 per month per employee for employee coverage and $0 for dependent's health insurance. The City contributed $3.42 per

month per employee (100% of the cost per employee) for dental insurance and $6 per month per employee for vision. Employees, at their option, authorized payroll withholdings for dependent coverage. Health and dental insurance is provided by TML MultiState Intergovernmental Employee Benefit Pool and vision insurance is with Avesis.

G. Additional Water and Sewer Information

The City secures its water supply from the North Texas Municipal Water District ("NTMWD"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 17-member board ("Board"), the City being authorized by statute to appoint two of those members. The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contracts with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee, or rental due to the District. Due to these factors, the District is not included in the City's basic financial statements.

The City entered into a contract with the District whereby the District agreed to provide water for the benefit of the City. In return, the City agreed to pay the District at a rate of $3.39 per 1,000 gallon basis, subject to minimum annual payments. The City's cost for the current fiscal year was $4,045,736.

H. Tax Abatement Disclosures

The City enters into economic development agreements designed to promote development within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property base and economic vitality of the City. These programs may abate or rebate property taxes and sales tax, and also include incentive payments and reductions in fees not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and the Revenue Sharing Agreement as covered under Texas Tax Code § 321.3022(b), which allows a municipality to request that the State Comptroller provide information related to the amount of sales and use tax paid during the preceding or current calendar year. The City has entered into one incentive agreement; however, no payments have been made as of September 30, 2023.

I. Restatement

Due to corrections to governmental activities capital assets, the City restated beginning net position as follows:

	Governmental Activities
Prior year ending net position, as reported	$ 112,731,626
Corrections to capital assets	(9,626)
Restated beginning net position	$ 112,722,000

J. Subsequent Events

October 10, 2023, the City approved the and authorized the issuance of a Special Assessment Revenue Bonds, series 2023 for the Southridge Public Improvement District Improvement Area No. 1 Project, with special assessments of $8,041,000. The City also authorized an indenture trust and bond purchase agreement in connection therewith. The City is not obligated in any manner for this special assessment debt but merely acts as the developer's agent in handling the debt service by each PID and forwarding to the Trustee for payment to the bond holders.

In February 2024 the City entered into a note payable agreement in the amount of $1,689,356 for the purchase of two fire apparatus. The note has an interest rate of 3.95% and a final maturity date of November 2032.

There were no other material subsequent events through July 5, 2024, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	$ 7,379,883	$ 7,379,883	$ 6,703,001	$ (676,882)
Sales tax	2,450,000	2,450,000	2,633,611	183,611
Franchise and local taxes	475,000	475,000	754,629	279,629
License and permits	5,252,583	6,112,823	3,082,362	(3,030,461)
Charges for services	1,123,680	1,123,680	5,351,071	4,227,391
Intergovernmental	626,699	626,699	302,984	(323,715)
Fines and forfeitures	307,050	307,050	264,564	(42,486)
Grants and donations	1,383,305	1,383,305	-	(1,383,305)
Interest income	10,000	10,000	432,892	422,892
Other revenue	99,200	99,200	535,908	436,708
Total Revenues	19,107,400	19,967,640	20,061,022	93,382
Expenditures				
Current:				
General government	2,024,772	2,320,002	2,907,335	(587,333)
Public services and operations	2,594,665	2,948,470	2,506,483	441,987
Public works	1,281,130	1,447,630	2,850,968	(1,403,338)
Public safety	9,839,451	9,893,351	9,453,582	439,769
Library	280,031	280,486	327,641	(47,155)
Parks and recreation	1,889,889	1,880,239	210,618	1,669,621
Debt Service:				
Principal	-	-	440,741	(440,741)
Interest and fiscal charges	-	-	58,791	(58,791)
Capital outlay	1,763,245	2,183,270	1,595,340	587,930
Total Expenditures	19,673,183	20,953,448	20,351,499	601,949
Revenues Over (Under) Expenditures	(565,783)	(985,808)	(290,477)	695,331
Other Financing Sources (Uses)				
Transfers in	-	-	229,441	229,441
Note issuance	-	-	803,610	803,610
Lease issuance	484,771	904,796	362,368	(542,428)
(Uses)	484,771	904,796	1,395,419	490,623
Net Change in Fund Balance	$ (81,012)	$ (81,012)	1,104,942	$ 1,185,954
Beginning fund balance			5,415,453	
Ending Fund Balance			$ 6,520,395	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TAX INCREMENT REINVESTMENT ZONES

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property tax	$ 750,000	$ 1,008,497	$ 258,497
Sales tax	550,000	726,135	176,135
Investment income	10,000	81,018	71,018
Total Revenues	1,310,000	1,815,650	505,650
Expenditures			
General government	5,000	-	5,000
Public works	1,100,000	-	1,100,000
Total Expenditures	1,105,000	-	1,105,000
Revenues Over (Under) Expenditures	205,000	1,815,650	1,610,650
Other Financing Sources (Uses)			
Transfers (out)	-	(545,157)	(545,157)
Total Other Financing Sources (Uses)	-	(545,157)	(545,157)
Net Change in Fund Balances	$ 205,000	1,270,493	$ 1,065,493
Beginning fund balances		1,648,489	
Ending Fund Balances		$ 2,918,982	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Total pension liability				
Service cost	$ 1,478,135	$ 1,142,763	$ 1,061,392	$ 877,804
Interest	822,375	711,122	599,821	493,867
Differences between expected and actual experience	(226,946)	(65,772)	196,597	293,353
Changes of assumptions	-	-	-	37,494
Benefit payments, including refunds of participant contributions	(313,332)	(301,911)	(197,248)	(252,000)
Net change in total pension liability	1,760,232	1,486,202	1,660,562	1,450,518
Total pension liability - beginning	$ 11,600,932	$ 10,114,730	$ 8,454,168	$ 7,003,650
Total pension liability - ending (a)	$ 13,361,164	$ 11,600,932	$ 10,114,730	$ 8,454,168
Plan fiduciary net position				
Contributions - employer	$ 992,965	$ 740,427	$ 656,876	$ 552,995
Contributions - members	586,562	454,250	427,734	360,177
Net investment income	(833,553)	1,212,612	593,791	958,656
Benefit payments, including refunds of participant contributions	(313,332)	(301,911)	(197,248)	(252,000)
Administrative expenses	(7,197)	(5,606)	(3,839)	(5,418)
Other	8,587	38	(150)	(160)
Net change in plan fiduciary net position	434,032	2,099,810	1,477,164	1,614,250
Plan fiduciary net position - beginning	11,393,126	9,293,316	7,816,152	6,201,902
Plan fiduciary net position - ending (b)	$ 11,827,158	$ 11,393,126	$ 9,293,316	$ 7,816,152
Fund's net pension liability - ending (a) - (b)	$ 1,534,006	$ 207,806	$ 821,414	$ 638,016
Plan fiduciary net position as a percentage of the total pension liability	88.52%	98.21%	91.88%	92.45%
Covered payroll	$ 8,379,453	$ 6,489,282	$ 6,110,492	$ 5,145,390
Fund's net position as a percentage of covered payroll	18.31%	3.20%	13.44%	12.40%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014 [1]
$ 729,872	$ 588,068	$ 422,523	$ 339,669	$ 270,343
422,272	365,981	318,863	302,819	281,321
74,525	43,938	94,966	(104,990)	(89,706)
-	-	-	4,858	-
(227,937)	(241,953)	(200,204)	(171,543)	(207,466)
998,732	756,034	636,148	370,813	254,492
$ 6,004,918	$ 5,248,884	$ 4,612,736	$ 4,241,923	$ 3,987,431
$ 7,003,650	$ 6,004,918	$ 5,248,884	$ 4,612,736	$ 4,241,923
$ 462,168	$ 368,823	$ 264,028	$ 228,154	$ 166,531
299,830	242,288	173,775	142,462	127,401
(174,886)	666,064	289,272	6,036	216,789
(227,937)	(241,953)	(200,204)	(171,543)	(207,466)
(3,385)	(3,458)	(3,275)	(3,676)	(2,263)
(177)	(175)	(176)	(182)	(186)
355,613	1,031,589	523,420	201,251	300,806
5,846,289	4,814,700	4,291,280	4,090,029	3,789,223
$ 6,201,902	$ 5,846,289	$ 4,814,700	$ 4,291,280	$ 4,090,029
$ 801,748	$ 158,629	$ 434,184	$ 321,456	$ 151,894
88.55%	97.36%	91.73%	93.03%	96.42%
$ 4,283,289	$ 4,899,250	$ 2,482,506	$ 2,035,165	$ 1,820,011
18.72%	3.24%	17.49%	15.80%	8.35%

City of Princeton, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Actuarially determined employer contributions	$ 1,202,895	$ 959,989	$ 708,530	$ 622,562
Contributions in relation to the actuarially determined contribution	$ 1,202,895	$ 961,251	$ 697,566	$ 629,357
Contribution deficiency (excess)	$ -	$ (1,262)	$ 10,964	$ (6,795)
Annual covered payroll	$ 10,189,285	$ 8,101,171	$ 6,209,727	$ 5,791,275
Employer contributions as a percentage of covered payroll	11.81%	11.87%	11.23%	10.87%

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015 [1]
$ 526,669	$ 441,941	$ 348,806	$ 268,209	$ 245,654
$ 527,057	$ 441,024	$ 348,680	$ 253,725	$ 253,243
$ (388)	$ 917	$ 126	$ 14,484	$ (7,589)
$ 4,899,250	$ 4,095,842	$ 3,272,097	$ 2,527,893	$ 2,168,175
10.76%	10.77%	10.66%	10.04%	11.68%

City of Princeton, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended September 30,

	2023	2022	2021	2020
Total OPEB liability				
Service cost	$ 29,328	$ 22,712	$ 18,331	$ 11,320
Interest	3,528	3,354	3,377	3,340
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(5,609)	(8,947)	(1)	(5,458)
Changes of assumptions	(74,612)	5,818	22,310	20,621
Benefit payments, including refunds of participant contributions	(2,514)	(1,947)	(611)	(515)
Net change in total OPEB liability	(49,879)	20,990	43,406	29,308
Total OPEB liability - beginning	$ 178,321	$ 157,331	$ 113,925	$ 84,617
Total OPEB liability - ending	$ 128,442	$ 178,321	$ 157,331	$ 113,925
Covered payroll	$ 8,379,453	$ 6,489,282	$ 6,110,492	$ 5,145,390
Total OPEB liability as a percentage of covered payroll	1.53%	2.75%	2.57%	2.21%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

[2] No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

2019	2018 [1]
$ 10,280	$ 7,269
2,987	2,731
-	-
(6,732)	-
(6,592)	7,271
(857)	(692)
(914)	16,579
$ 85,531	$ 68,952
$ 84,617	$ 85,531 [2]
$ 4,283,289	$ 3,461,260
1.98%	2.47%

PRINCETON

TEXAS

City of Princeton, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2023

	Court	Police	Building Projects	American Rescue Plan	Business Incentives	Total Nonmajor Governmental
Assets						
Cash and cash equivalents	$ 172,150	$ 23,793	$ 4,870,063	$ 3,575,384	$ -	$ 8,641,390
Investments	-	-	-	-	-	-
Receivables, net	6,012	-	-	-	-	6,012
Due from other funds	-	-	-	-	3,186	3,186
Total Assets	$ 178,162	$ 23,793	$ 4,870,063	$ 3,575,384	$ 3,186	$ 8,650,588
Liabilities						
Accounts payable and accrued liabilities	$ -	$ 12,006	$ 707,229	$ 14,029	$ 3,186	$ 736,450
Total Liabilities	-	12,006	707,229	14,029	3,186	736,450
Fund Balances						
Restricted for:						
Capital improvements	-	-	4,162,834	3,561,355	-	7,724,189
Public safety	178,162	11,787	-	-	-	189,949
Total Fund Balances	178,162	11,787	4,162,834	3,561,355	-	7,914,138
Total Liabilities, Deferred Inflows and Fund Balances	$ 178,162	$ 23,793	$ 4,870,063	$ 3,575,384	$ 3,186	$ 8,650,588

City of Princeton, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Court	Police	Building Projects	American Rescue Plan	Business Incentives	Total Nonmajor Governmental
Revenues						
Fines and forfietures	$ 40,352	$ 3,450	$ -	$ -	$ -	$ 43,802
Contributions	-	-	100,000	-	-	100,000
Investment income	-	-	285,533	159,163	-	444,696
Other revenue	-	1,746	-	-	-	1,746
Total Revenues	40,352	5,196	385,533	159,163	-	590,244
Expenditures						
General government	-	-	-	-	151,403	151,403
Public safety	29,778	22,855	-	-	-	52,633
Capital outlay	-	-	4,034,293	59,085	-	4,093,378
Total Expenditures	29,778	22,855	4,034,293	59,085	151,403	4,297,414
Revenues Over (Under) Expenditures	10,574	(17,659)	(3,648,760)	100,078	(151,403)	(3,707,170)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	151,403	151,403
Transfers (out)	-	-	(335,850)	-	-	(335,850)
Total Other Financing Sources (Uses)	-	-	(335,850)	-	151,403	(184,447)
Net Change in Fund Balances	10,574	(17,659)	(3,984,610)	100,078	-	(3,891,617)
Beginning fund balances	167,588	29,446	8,147,444	3,461,277	-	11,805,755
Ending Fund Balances	$ 178,162	$ 11,787	$ 4,162,834	$ 3,561,355	$ -	$ 7,914,138

OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

City of Princeton, Texas

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS

September 30, 2023

	Arcadia Farms	Brookside	Crossroads	Eastridge	Sicily	Whitewing Trails #2	Winchester PID 1	Winchester PID 2	Total Fiduciary Funds
Assets									
Cash and cash equivalents	$ 1,435,166	$ 672,328	$ 1,839,618	$ 12,309,302	$ 29,763,008	$ 3,710,067	$ 848,581	$ 1,114,109	$ 51,692,179
Special assessment receivable	12,818,000	6,453,000	7,840,000	23,299,000	32,613,000	29,260,000	9,403,000	13,295,000	134,981,000
Total Assets	$ 14,253,166	$ 7,125,328	$ 9,679,618	$ 35,608,302	$ 62,376,008	$ 32,970,067	$ 10,251,581	$ 14,409,109	$ 186,673,179
Liabilities									
Long-term debt	$ 12,818,000	$ 6,453,000	$ 7,840,000	$ 23,299,000	$ 32,613,000	$ 29,260,000	$ 9,403,000	$ 13,295,000	$ 134,981,000
Total Liabilities	12,818,000	6,453,000	7,840,000	23,299,000	32,613,000	29,260,000	9,403,000	13,295,000	134,981,000
Net Position									
Restricted for PID	1,435,166	672,328	1,839,618	12,309,302	29,763,008	3,710,067	848,581	1,114,109	51,692,179
Total Net Position	$ 1,435,166	$ 672,328	$ 1,839,618	$ 12,309,302	$ 29,763,008	$ 3,710,067	$ 848,581	$ 1,114,109	$ 51,692,179

City of Princeton, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2023

	Arcadia Farms	Brookside	Crossroads	Eastridge	Sicily	Whitewing Trails #2	Winchester PID 1	Winchester PID 2	Total Fiduciary Funds
Additions									
Property owner assessments	$ 965,859	$ 464,511	$ 715,202	$ 835,362	$ 64,261	$ 1,145,173	$ 614,315	$ 988,423	$ 5,793,106
Bond proceeds	-	-	-	11,882,500	31,265,028	13,651,949	-	-	56,799,477
Investment earnings	76,320	39,757	95,391	181,320	8,674	181,246	73,837	64,819	721,364
Total Additions	1,042,179	504,268	810,593	12,899,182	31,337,963	14,978,368	688,152	1,053,242	63,313,947
Deductions									
Payment to developer	-	-	219,636	9,534,212	-	9,732,605	-	-	19,486,453
Administrative expenses	93,838	54,537	33,138	53,138	875,582	1,596,193	59,331	8,607	2,774,364
Bond issuance costs	-	-	-	594,221	699,373	431,572	-	-	1,725,166
Debt service	851,994	420,698	637,400	741,817	-	1,106,463	573,858	888,282	5,220,512
Total Deductions	945,832	475,235	890,174	10,923,388	1,574,955	12,866,833	633,189	896,889	29,206,495
Change in Net Position	96,347	29,033	(79,581)	1,975,794	29,763,008	2,111,535	54,963	156,353	34,107,452
Beginning fund balances	1,338,819	643,295	1,919,199	10,333,508	-	1,598,532	793,618	957,756	17,584,727
Ending Net Position	$ 1,435,166	$ 672,328	$ 1,839,618	$ 12,309,302	$ 29,763,008	$ 3,710,067	$ 848,581	$ 1,114,109	$ 51,692,179

PRINCETON

TEXAS

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property tax	$ 4,731,781	$ 5,419,235	$ 687,454
Intergovernmental	-	626,435	626,435
Interest income	12,000	147,912	135,912
Total Revenues	4,743,781	6,193,582	1,449,801
Expenditures			
General government	3,550	4,341	(791)
Debt service:			
Principal	3,383,550	3,318,488	65,062
Interest	1,564,202	1,545,770	18,432
Total Expenditures	4,951,302	4,868,599	82,703
Revenues Over (Under) Expenditures	(207,521)	1,324,983	1,367,098
Other Financing Sources (Uses)			
Transfers in	612,128	-	(612,128)
Transfers (out)	-	(55,113)	(55,113)
Total Other Financing Sources (Uses)	612,128	(55,113)	(667,241)
Net Change in Fund Balance	$ 404,607	1,269,870	$ 865,263
Beginning fund balance		1,640,860	
Ending Fund Balance		$ 2,910,730	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COURT FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ 30,550	$ 30,550	$ 40,352	$ 9,802
Total Revenues	30,550	30,550	40,352	9,802
Expenditures				
Public safety	9,500	31,660	29,778	1,882
Total Expenditures	9,500	31,660	29,778	1,882
Net Change in Fund Balance	$ 21,050	$ (1,110)	10,574	$ 11,684
Beginning fund balance			167,588	
Ending Fund Balance			$ 178,162	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

POLICE FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ 3,500	$ 3,500	$ 3,450	$ (50)
Other revenue	-	-	1,746	1,746
Total Revenues	3,500	3,500	5,196	1,696
Expenditures				
Public safety	1,500	22,855	22,855	-
Total Expenditures	1,500	22,855	22,855	-
Net Change in Fund Balance	$ 2,000	$ (19,355)	(17,659)	$ 1,696
Beginning fund balance			29,446	
Ending Fund Balance			$ 11,787	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AMERICAN RESCUE FUND

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues				
Investment income	$ 1,721,368	$ 159,163	$ (1,562,205)	
Total Revenues	1,721,368	159,163	(1,562,205)	
Expenditures				
Capital outlay		59,085	(59,085)	
Total Expenditures	-	59,085	(59,085)	*
Net Change in Fund Balance	$ 1,721,368	100,078	$ (1,621,290)	
Beginning fund balance		3,461,277		
Ending Fund Balance		$ 3,561,355		

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

PRINCETON ECONOMIC DEVELOPMENT CORPORATION

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales tax	$ 1,225,000	$ 1,225,000	$ 1,676,226	$ 451,226
Investment income	20,000	20,000	206,895	186,895
Gain on sale of assets	-	-	1,253,567	1,253,567
Other income	-	-	46,881	46,881
Total Revenues	1,245,000	1,245,000	3,183,569	1,938,569
Expenses				
Economic development	1,318,853	1,470,258	349,626	1,120,632
Total Expenses	1,318,853	1,470,258	349,626	1,120,632
Change in Net Position	$ (73,853)	$ (225,258)	2,833,943	$ 3,059,201
Beginning net position			6,669,707	
Ending Net Position			$ 9,503,650	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

PRINCETON

TEXAS

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL PRINCETON COMMUNITY DEVELOPMENT CORPORATION

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Sales tax	$ 1,225,000	$ 1,676,226	$ 451,226
Investment income	10,000	86,464	76,464
Total Revenues	1,235,000	1,762,690	527,690
Expenses			
Economic development	1,145,172	728,686	416,486
Total Expenses	1,145,172	728,686	416,486
Change in Net Position	$ 89,828	1,034,004	$ 944,176
Beginning net position		(2,655,258)	
Ending Net Position		$ (1,621,254)	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

PRINCETON

TEXAS

STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends 112

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 124

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity 130

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 138

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 142

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Princeton, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2023	2022	2021	2020
Governmental activities				
Net investment in capital assets	$ 91,909,419	$ 70,723,356	$ 48,846,320	$ 43,200,083
Restricted	28,061,829	17,200,800	14,912,387	39,388,505
Unrestricted	16,551,101	24,797,844	16,879,326	(16,835,067)
Total governmental activities net position	$ 136,522,349	$ 112,722,000	$ 80,638,033	$ 65,753,521
Business-type activities				
Net investment in capital assets	$ 83,383,917	$ 66,619,856	$ 47,192,152	$ 38,369,840
Restricted	13,955,894	10,284,268	10,032,440	7,215,702
Unrestricted	27,141,805	17,834,770	10,428,790	6,906,498
Total business-type activities net position	$ 124,481,616	$ 94,738,894	$ 67,653,382	$ 52,492,040
Primary government				
Net investment in capital assets	$ 175,293,336	$ 137,343,212	$ 96,038,472	$ 81,569,923
Restricted	42,017,723	27,485,068	24,944,827	46,604,207
Unrestricted	43,692,906	42,632,614	27,308,116	(9,928,569)
Total primary government net position	$ 261,003,965	$ 207,460,894	$ 148,291,415	$ 118,245,561

Source: City audited financial records

2019	2018	2017	2016	2015	2014
$ 12,622,746	$ 22,926,273	$ 16,457,417	$ 8,075,220	$ 7,305,692	$ 6,640,339
13,237,763	7,211,360	2,539,370	4,140,512	3,152,746	2,990,401
16,417,920	2,666,324	2,075,253	1,710,252	1,357,720	483,094
$ 42,278,429	$ 32,803,957	$ 21,072,040	$ 13,925,984	$ 11,816,158	$ 10,113,834
$ 24,609,087	$ 20,496,075	$ 11,785,446	$ 6,631,526	$ 5,104,136	$ 4,876,332
5,523,425	3,465,755	3,153,343	1,851,788	994,498	808,064
5,410,600	4,435,377	2,695,126	2,278,245	2,197,241	1,839,812
$ 35,543,112	$ 28,397,207	$ 17,633,915	$ 10,761,559	$ 8,295,875	$ 7,524,208
$ 37,231,833	$ 43,422,348	$ 28,242,863	$ 14,706,746	$ 12,409,828	$ 11,516,671
18,761,188	10,677,115	5,692,713	5,992,300	4,147,244	3,798,465
21,828,520	7,101,701	4,770,379	3,988,497	3,554,961	2,322,906
$ 77,821,541	$ 61,201,164	$ 38,705,955	$ 24,687,543	$ 20,112,033	$ 17,638,042

City of Princeton, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2023	2022	2021	2020
Expenses				
Governmental activities:				
General government	$ 3,668,100	$ 2,852,012	$ 1,821,210	$ 1,236,657
Public safety	9,582,884	7,016,634	6,136,367	5,341,659
Public services and operations	2,549,290	2,132,971	1,677,660	1,326,917
Parks and recreation	1,141,138	1,378,074	1,281,216	1,056,310
Library	357,341	263,117	267,697	229,122
Public works	8,041,809	5,426,108	5,735,515	3,335,833
Interest on long-term debt	1,380,047	1,433,349	1,351,592	782,724
Total governmental activities expenses	26,720,609	20,502,265	18,271,257	13,309,222
Business-type activities:				
Water and sewer	22,172,549	17,555,001	13,070,655	9,857,833
Storm water drainage	1,774,521	1,424,626	1,237,933	525,693
Total business-type activities expenses	23,947,070	18,979,627	14,308,588	10,383,526
Total primary government expenses	$ 50,667,679	$ 39,481,892	$ 32,579,845	$ 23,692,748
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 743,987	$ 709,523	$ 610,304	$ 598,040
Public safety	344,675	75,886	140,950	72,345
Public services and operations	6,655,574	6,404,024	5,224,478	4,151,327
Parks and recreation	342,208	1,402,869	1,996,581	1,339,530
Library	5,355	5,964	2,378	3,211
Public works	650,000	2,477,078	3,317,416	3,249,487
Operating grants and contributions	828,125	2,269,245	1,170,004	1,137,172
Capital grants and contributions	20,610,447	25,820,010	9,315,702	16,061,420
Total governmental activities program revenues	30,180,371	39,164,599	21,777,813	26,612,532
Business-type activities:				
Charges for services:				
Water and sewer	$ 29,693,034	$ 23,947,867	$ 17,789,699	$ 14,357,412
Storm water drainage	823,645	751,098	614,839	527,314
Grants and contributions	21,214,056	19,890,661	10,624,759	12,532,508
Total business-type activities program revenues	51,730,735	44,589,626	29,029,297	27,417,234
Total primary government program revenues	$ 81,911,106	$ 83,754,225	$ 50,807,110	$ 54,029,766

2019	2018	2017	2016	2015	2014
$ 2,332,105	$ 1,009,624	$ 861,576	$ 789,760	$ 666,193	$ 728,324
4,559,343	4,014,770	3,050,330	1,562,609	1,335,532	1,244,648
1,217,468	1,353,362	886,973	893,941	697,081	497,095
1,000,471	706,987	527,723	552,517	493,077	245,950
251,596	169,895	151,936	129,687	102,133	-
2,672,048	1,743,261	1,642,760	1,381,286	1,232,485	1,113,223
538,930	623,667	544,788	390,417	311,418	215,011
12,571,961	9,621,566	7,666,086	5,700,217	4,837,919	4,044,251
9,011,378	7,343,569	6,183,258	6,062,226	4,676,918	4,449,142
413,028	513,498	232,136	-	-	-
9,424,406	7,857,067	6,415,394	6,062,226	4,676,918	4,449,142
$ 21,996,367	$ 17,478,633	$ 14,081,480	$ 11,762,443	$ 9,514,837	$ 8,493,393
$ 576,821	$ 265,191	$ 265,178	$ 115,000	$ 115,000	$ -
39,734	36,740	25,690	348,441	294,989	353,545
2,626,781	2,842,392	2,324,727	130,204	-	-
1,744,437	566,573	146,968	-	45,086	83,217
7,186	7,379	6,913	-	-	-
1,797,946	1,989,613	1,430,930	1,292,208	763,325	724,455
495,349	478,064	422,920	8,129	20,258	148,283
6,177,007	9,084,326	5,385,169	1,908,221	2,112,676	266,308
13,465,261	15,270,278	10,008,495	3,802,203	3,351,334	1,575,808
$ 11,629,555	$ 12,320,362	$ 9,563,489	$ 6,754,857	$ 5,214,972	$ 4,812,038
408,288	359,638	319,409	-	-	-
4,558,840	5,517,586	4,449,124	1,439,081	118,855	-
16,596,683	18,197,586	14,332,022	8,193,938	5,333,827	4,812,038
$ 30,061,944	$ 33,467,864	$ 24,340,517	$ 11,996,141	$ 8,685,161	$ 6,387,846

City of Princeton, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2023	2022	2021	2020
Net (Expenses) Revenue				
Governmental activities	$ 3,459,762	$ 18,662,334	$ 3,506,556	$ 13,303,310
Business-type activities	27,783,665	25,609,999	14,720,709	17,033,708
Total primary government net expense	$ 31,243,427	$ 44,272,333	$ 18,227,265	$ 30,337,018
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Ad valorem taxes	13,084,667	$ 10,014,435	$ 8,789,551	$ 7,472,581
Sales taxes	3,352,451	2,817,389	2,473,784	1,928,514
Franchise taxes	754,629	590,858	434,131	417,291
Beverage taxes	7,295	4,133	3,749	2,613
Investment earnings	2,012,953	336,203	27,098	128,794
Miscellaneous	1,323,879	23,917	14,713	68,405
Transfers	(130,480)	(226,906)	(365,070)	187,106
Total governmental activities	20,405,394	13,560,029	11,377,956	10,205,304
Business-type activities:				
Investment earnings	1,750,485	180,342	8,630	103,372
Miscellaneous	13,285	57,927	66,933	1,312
Transfers	130,480	226,906	365,070	(187,106)
Total business-type activities	1,894,250	465,175	440,633	(82,422)
Total primary government	$ 22,299,644	$ 14,025,204	$ 11,818,589	$ 10,122,882
Change in Net Position				
Governmental activities	$ 23,865,156	$ 32,222,363	$ 14,884,512	$ 23,508,614
Business-type activities	29,677,915	26,075,174	15,161,342	16,951,286
Total primary government	$ 53,543,071	$ 58,297,537	$ 30,045,854	$ 40,459,900

Source: City audited financial records

2019	2018	2017	2016	2015	2014
$ 893,300	$ 5,648,712	$ 2,342,409	$ (1,898,014)	$ (1,486,585)	$ (2,468,443)
7,172,277	10,340,519	7,916,628	2,131,712	656,909	362,896
$ 8,065,577	$ 15,989,231	$ 10,259,037	$ 233,698	$ (829,676)	$ (2,105,547)
$ 6,053,199	$ 4,581,813	$ 3,539,491	$ 2,859,709	$ 2,483,190	$ 2,228,700
1,540,373	1,327,813	1,267,448	918,489	626,981	572,515
401,613	338,887	262,549	190,838	198,430	216,724
4,466	5,698	2,984	-	-	1,861
248,494	112,237	76,593	15,937	3,938	6,702
23,171	28,387	5,270	55,358	59,820	54,360
254,021	(317,115)	(33,491)	(32,491)	(132,418)	(84,550)
8,525,337	6,077,720	5,120,844	4,007,840	3,239,941	2,996,312
165,375	80,657	24,525	10,929	6,005	4,167
62,274	41,261	32,888	10,463	3,148	3,856
(254,021)	317,115	33,491	32,491	132,418	84,550
(26,372)	439,033	90,904	53,883	141,571	92,573
$ 8,498,965	$ 6,516,753	$ 5,211,748	$ 4,061,723	$ 3,381,512	$ 3,088,885
$ 9,418,637	$ 11,726,432	$ 7,463,253	$ 2,109,826	$ 1,753,356	$ 527,869
7,145,905	10,779,552	8,007,532	2,185,595	798,480	455,469
$ 16,564,542	$ 22,505,984	$ 15,470,785	$ 4,295,421	$ 2,551,836	$ 983,338

PRINCETON

TEXAS

City of Princeton, Texas

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2014	$ 2,228,700	$ 572,515	$ 216,724	$ 1,861	$ 3,019,800
2015	2,483,190	626,981	313,430	2,614	3,426,215
2016	2,859,709	918,489	305,838	2,796	4,086,832
2017	3,539,491	1,267,448	262,549	2,984	5,072,472
2018	4,581,813	1,327,813	338,887	5,698	6,254,211
2019	6,053,199	1,540,373	401,613	4,466	7,999,651
2020	7,472,581	1,928,514	417,291	2,613	9,820,999
2021	8,789,551	2,473,784	434,131	3,749	11,701,215
2022	10,014,435	2,817,389	602,533	4,133	13,438,490
2023	13,084,667	3,352,451	754,629	7,295	17,199,042

City of Princeton, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2023	2022	2021	2020
General Fund				
Nonspendable	$ 101,894	$ 174,453	$ 168,718	$ 162,215
Committed	-	96,347	63,682	63,682
Assigned	-	27,544	-	-
Restricted for:				
General government	-	-	1,721,377	659,226
Court	-	-	147,555	140,802
Public safety	-	-	50,713	4,824
Capital improvements	-	-	-	-
PEG capital	93,108	79,596	56,161	51,210
Unassigned	6,325,393	5,037,513	6,887,862	3,467,630
Total general fund	$ 6,520,395	$ 5,415,453	$ 9,096,068	$ 4,549,589
Committed	-	-	1,267,835	872,815
Assigned	-	-	1,672,802	2,155,512
Restricted for:				
Debt service	2,910,730	1,640,860	1,608,887	1,394,096
Public safety	189,949	197,033	-	-
TIRZ	2,918,982	-	-	-
Parks and recreation	9,352,763	10,574,914	-	-
Capital projects	19,743,488	26,812,436	21,724,162	37,138,347
Unassigned	-	-	-	-
Total all other governmental funds	$ 35,115,912	$ 39,225,243	$ 26,273,686	$ 41,560,770

Source: City audited financial records

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2010.

2019	2018	2017	2016	2015	2014
$ 49,137	$ 33,249	$ -	$ -	$ -	$ -
59,906	24,500	331,196	68,584	66,009	102,263
-	31,023	66,998	2,362	2,362	2,362
-	-	-	-	-	-
127,968	103,720	80,953	78,136	96,279	82,263
4,807	3,681	-	-	-	-
-	-	-	-	-	69,761
46,391	41,862	41,862	39,576	31,804	23,965
1,930,490	1,857,401	1,497,135	1,530,097	733,619	517,024
$ 2,218,699	$ 2,095,436	$ 2,018,144	$ 1,718,755	$ 930,073	$ 797,638
558,571	190,718	195,218	239,741	48,019	-
1,839,466	428,683	-	-	-	-
896,726	2,336,466	2,346,400	917,661	388,020	431,132
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,768,641	4,109,911	7,551,911	3,105,139	2,636,643	2,452,981
-	-	-	-	-	-
$ 13,063,404	$ 7,065,778	$ 10,093,529	$ 4,262,541	$ 3,072,682	$ 2,884,113

City of Princeton, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2023	2022	2021	2020
Revenues				
Taxes	$ 17,245,108	$ 13,408,244	$ 11,616,121	$ 9,840,379
Licenses and permits	3,082,362	2,811,222	3,125,155	2,052,232
Fines and fees	308,366	295,633	316,669	196,658
Charges for services	5,351,071	4,329,628	4,077,344	3,370,083
Investment income	2,012,953	336,201	27,098	128,794
Impact/developer fees	19,011,667	8,511,084	3,706,216	3,737,853
Intergovernmental	1,283,781	6,892,790	3,084,576	8,974,518
Contri./Donations	1,598,780	491,255	539,590	8,556
Miscellaneous	537,654	68,600	88,776	229,374
Total Revenues	50,431,742	37,144,657	26,581,545	28,538,447
Expenditures				
General government	3,063,079	$ 2,352,165	$ 1,753,855	$ 1,046,207
Public safety	9,506,215	6,613,336	5,688,838	4,852,909
Public works	2,850,968	1,172,149	1,764,900	1,067,638
Public services and operations	2,506,483	2,158,191	1,643,383	1,266,617
Parks and recreation	210,618	988,122	893,907	725,838
Library	327,641	236,204	236,382	194,545
Capital outlay	31,429,061	26,338,802	21,938,532	5,684,055
Debt Service:				
Principal	3,759,229	4,019,264	2,372,815	2,684,837
Interest	1,604,561	1,485,207	1,502,605	137,774
Bond issuance costs	-	227,956	-	679,547
Total Expenditures	55,257,855	45,591,396	37,795,217	18,339,967
Excess of Revenues Over (Under) Expenditures	(4,826,113)	(8,446,739)	(11,213,672)	10,198,480
Other Financing Sources (Uses)				
Note/Bond issuances	-	19,348,600	-	17,365,000
Payments to bond refunding escrow age	-	(2,709,510)	-	-
Net cost of issuance premium/(discount)	-	809,395	-	2,772,774
Sales of assets	786,225	155,306	1,300	-
Lease issuances	1,165,978	332,566	836,837	268,047
Transfers	(130,480)	(226,906)	(365,070)	187,106
Total Other Financing Sources (Uses)	1,821,723	17,709,451	473,067	20,592,927
Net change in fund balances	$ (3,004,390)	$ 9,262,712	$ (10,740,605)	$ 30,791,407
Debt service as percentage of noncapital expenditures	23.0%	28.6%	24.4%	22.3%

Source: City audited financial records

2019	2018	2017	2016	2015	2014
$ 7,963,415	$ 6,268,705	$ 5,072,472	$ 3,980,727	$ 3,324,398	$ 3,020,746
1,197,053	1,324,778	1,139,145	1,292,208	763,325	724,455
249,793	383,154	318,666	313,762	266,473	325,175
2,570,913	1,962,606	1,306,096	245,204	160,086	83,217
248,494	112,237	76,593	15,938	3,938	6,702
2,757,651	1,913,383	1,430,930	-	-	-
1,139,930	1,836,090	1,911,861	1,185,938	1,233,104	229,334
180,506	26,527	20,466	16,177	14,448	17,010
37,774	59,090	19,260	36,385	42,759	29,947
16,345,529	13,886,570	11,295,489	7,086,339	5,808,531	4,436,586
$ 2,291,888	$ 994,127	$ 850,758	$ 684,955	$ 571,945	$ 725,630
4,144,134	3,760,715	2,897,383	1,630,932	1,445,434	1,293,428
903,096	661,496	755,542	748,702	700,550	460,504
1,171,038	1,329,191	872,474	636,406	476,654	276,377
766,783	604,104	443,937	460,734	403,473	95,038
216,026	159,990	141,514	117,758	103,605	95,733
4,515,865	8,902,747	6,122,703	3,917,850	2,205,877	494,965
2,178,435	1,133,551	771,122	649,425	550,866	478,089
548,043	562,245	531,818	388,396	307,171	211,565
63,840	-	68,700	84,689	68,397	-
16,799,148	18,108,166	13,455,951	9,319,847	6,833,972	4,131,329
(453,619)	(4,221,596)	(2,160,462)	(2,233,508)	(1,025,441)	305,257
7,790,000	-	8,465,000	3,245,000	1,360,000	-
-	-	-	-	-	-
-	-	26,200	202,141	89,052	-
7,154	76,230	6,000	-	-	-
216,890	1,489,406	110,814	182,652	29,809	-
254,021	(317,115)	22	(32,491)	(132,418)	(84,550)
8,268,065	1,248,521	8,608,036	3,597,302	1,346,443	(84,550)
$ 7,814,446	$ (2,973,075)	$ 6,447,574	$ 1,363,794	$ 321,002	$ 220,707
22.2%	18.4%	17.8%	19.2%	18.5%	19.0%

City of Princeton, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended Sept. 30	Real Property		Personal Property	Less: Tax Exempt	Total Taxable Assessed
	Residential Property	Commercial Property	Other	Real Property	Value
2014	$ 313,596,419	$ 49,171,779	$ 2,510,382	$ (63,673,035)	$ 301,605,545
2015	364,887,976	52,483,026	2,471,089	(75,771,626)	344,070,465
2016	431,633,366	56,757,007	2,701,269	(106,120,967)	384,970,675
2017	500,547,077	67,989,329	2,949,716	(108,947,539)	462,538,583
2018	699,455,122	100,020,051	3,260,865	(184,613,386)	618,122,652
2019	905,418,021	127,502,195	3,334,546	(193,534,385)	842,720,377
2020	949,006,116	268,918,014	3,227,268	(182,037,684)	1,039,113,714
2021	1,337,770,818	138,705,495	78,208,578	(228,298,217)	1,326,386,674
2022	1,872,721,719	152,197,580	101,598,257	(289,875,060)	1,836,642,496
2023	2,388,939,297	148,391,638	175,957,112	(379,876,655)	2,333,411,392

Source: Collin County Appraisal Districts

Total Direct Tax Rate	Estimated Gross Taxable Value	Assessed Value as a Percentage of Actual Value
0.728394	$ 365,278,580	82.57%
0.738999	419,842,091	81.95%
0.738999	491,091,642	78.39%
0.721800	571,486,122	80.94%
0.691890	802,736,038	77.00%
0.688820	1,036,254,762	81.32%
0.676299	1,221,151,398	85.09%
0.651215	1,554,684,891	85.32%
0.602549	1,906,863,248	96.32%
0.534543	2,454,654,213	95.06%

City of Princeton, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years (Unaudited)

	City Direct Rates			Overlapping Rates*		
Fiscal Year Ended Sept 30	Operating/ General Rate	General Obligation Debt Service	Total Direct	Princeton Independent School District	Collin County	Collin County Community College
2014	$ 0.511969	$ 0.227030	$ 0.738999	$ 1.510000	$ 0.240000	$ 0.083643
2015	0.511969	0.227030	0.738999	1.620000	0.237500	0.081960
2016	0.503901	0.217899	0.721800	1.620000	0.235000	0.081960
2017	0.461505	0.230381	0.691886	1.620000	0.225000	0.081222
2018	0.426465	0.263425	0.689890	1.620000	0.192246	0.079810
2019	0.402494	0.286326	0.688820	1.620000	0.180785	0.081222
2020	0.394077	0.282222	0.676299	1.568350	0.174951	0.081222
2021	0.399118	0.252097	0.651215	1.469800	0.172531	0.081222
2022	0.377315	0.225234	0.602549	1.460300	0.168087	0.081222
2023	0.313630	0.220942	0.534572	1.442900	0.152443	0.081222

City of Princeton, Texas

PRINCIPAL PROPERTY TAX PAYERS

Current and Nine Years Ago (Unaudited)

	2023			2014		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Southgate Apts LLC	$ 31,000,000	1	1.33%	$ -	-	0.00%
NexMetro Towne Center LP	25,195,010	2	1.08%	-	-	0.00%
Townhomes at PM Holding LL	24,731,998	3	1.06%	-	-	0.00%
Wal-Mart Real Estate Bus Trust	18,952,331	4	0.81%	-	-	0.00%
MM Princeton 854 LLC	16,967,150	5	0.73%	-	-	0.00%
D R Horton - Texas Ltd	15,395,132	6	0.66%	-	-	0.00%
Texas-New Mexico Power Co	14,475,879	7	0.62%	-	-	0.00%
Smyrna Ready Mix Concrete Ll	12,575,794	8	0.54%	-	-	0.00%
Cypress Creek Hazelwood Stre	12,341,850	9	0.53%	-	-	0.00%
Cope Equities LLC	11,813,526	10	0.51%	-	-	0.00%
Edison Development Co	-	-	0.00%	$ 4,918,508	1	1.43%
D R Horton	-	-	0.00%	3,702,298	2	1.08%
311 Princeton Drive LLC	-	-	0.00%	2,621,909	3	0.76%
Charley's Concrete Co Inc	-	-	0.00%	2,014,667	4	0.59%
First Bank of Farmersville	-	-	0.00%	1,754,968	5	0.51%
JOMC Properties Inc.	-	-	0.00%	1,370,642	6	0.40%
CVS Corporation	-	-	0.00%	1,169,312	7	0.34%
King Meadows Crossing Mgmt	-	-	0.00%	1,163,185	8	0.34%
Princeton Village LLC	-	-	0.00%	1,133,185	9	0.33%
Creekview at 380 LLC	-	-	0.00%	1,130,731	10	0.33%
Total	$ 183,448,670			$ 20,979,405		
Total Assessed Value	$ 2,333,411,392			$ 344,070,465		

Source: Collin County Appraisal Districts

PRINCETON

TEXAS

City of Princeton, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years (Unaudited)

Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2014	$ 2,210,407	$ 2,198,054	99.4%	$ 2,356	$ 2,200,410	99.55%
2015	2,449,973	2,440,330	99.6%	-	2,440,330	99.61%
2016	2,833,887	2,812,844	99.3%	4,569	2,817,413	99.42%
2017	3,605,161	3,539,491	98.2%	4,150	3,543,641	98.29%
2018	4,724,242	4,596,306	97.3%	2,383	4,598,689	97.34%
2019	5,995,210	5,866,980	97.9%	13,450	5,880,430	98.09%
2020	6,491,113	6,398,147	98.6%	54,474	6,452,621	99.41%
2021	8,512,610	8,447,222	99.2%	56,146	8,503,368	99.89%
2022	9,750,181	8,644,522	88.7%	270,248	8,914,770	91.43%
2023	12,958,002	12,878,894	99.4%	-	12,878,894	99.39%

Source: Collin County Tax Office

City of Princeton, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Unaudited)

	Governmental Activities				Bus-Type Activities	
Fiscal Year	General Obligation Bonds	Certificates of Obligations	Notes/ Leases	Limited Tax Note	General Obligation Bonds	Certificates of Obligations
2014	$ 1,206,200	$ 4,149,963	$ 204,915	$ 1,110,000	$ 1,393,800	$ 7,395,000
2015	1,058,200	5,421,659	150,456	935,000	1,286,800	7,230,000
2016	906,500	8,435,000	260,384	755,000	7,203,500	1,130,000
2017	762,200	16,801,315	224,377	570,000	7,479,800	950,000
2018	695,600	16,382,202	1,626,832	-	7,352,610	760,000
2019	629,000	14,415,000	1,487,508	7,790,000	6,841,000	560,000
2020	562,400	31,295,000	1,215,306	6,020,000	6,722,600	350,000
2021	503,200	30,305,000	1,678,528	5,070,000	6,596,800	130,000
2022	2,571,518	40,492,267	1,067,784	10,180,000	6,431,400	20,829,203
2023	1,960,112	39,048,293	1,793,019	8,710,000	7,446,649	19,420,000

Notes: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Bus-Type Activities				
Contractual Obligations	Leases	Total Primary Government	Percentage of Personal Income	Per Capita
$ 4,340,000	$ -	$ 19,799,878	10.55%	2,178
4,135,000	105,990	20,323,105	10.61%	1,781
3,920,000	150,594	22,760,978	10.14%	1,730
3,700,000	145,972	30,633,664	11.61%	1,818
18,295,000	596,692	45,708,936	14.00%	4,299
17,910,000	472,977	50,105,485	10.74%	3,908
17,730,000	345,537	64,240,843	9.98%	5,010
17,330,000	271,434	61,884,962	11.94%	3,366
29,545,000	81,107	111,198,279	17.58%	5,531
28,900,000	167,274	107,445,347	11.06%	3,580

City of Princeton, Texas

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Estimated Population	Assessed Property Value (1)	Gross Bonded Debt (2)	Less: Debt Service Funds (3)	Net Bonded Debt
2014	8,769	301,605,545	6,671,078	431,132	$ 6,239,946
2015	9,356	344,070,465	7,565,315	386,489	7,178,826
2016	10,632	384,970,675	10,356,884	389,971	9,966,913
2017	10,632	462,538,583	18,133,515	550,692	17,582,823
2018	12,822	618,122,652	18,704,634	659,744	18,044,890
2019	12,822	842,720,377	22,834,000	896,725	21,937,275
2020	16,500	1,039,113,714	37,877,400	1,394,096	36,483,304
2021	18,388	1,326,386,674	35,878,200	2,320,500	33,557,700
2022	20,046	1,637,195,203	53,176,721	4,922,502	48,254,219
2023	26,664	2,454,654,213	51,511,424	2,911,229	48,600,195

[1] See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

[2] Schedule of Bonds Payable and total bonds for fiscal year.

[3] Audited financial statements

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

% Net Bonded Debt to Assessed Property Value	Net Bonded Debt Per Capita
2.21%	761
2.20%	809
2.69%	974
3.92%	1,706
3.03%	1,459
2.71%	1,781
3.65%	2,296
2.70%	1,951
3.25%	2,653
2.10%	1,932

City of Princeton, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2023 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Collin County	$ 721,825,000	1.20%	$ 8,661,900
Collin County CCD	480,350,000	1.20%	5,764,200
McKinney Independent School District	492,835,000	17.00%	83,781,950
Princeton Independent School District	440,285,384	68.49%	301,551,460
Subtotal, overlapping debt	$ 2,135,295,384		399,759,510
City of Princeton, direct debt		100%	* 51,511,424
Total direct and overlapping debt			$ 451,270,934

Source: "Texas Municipal Report" as of September 30, 2023, prepared by the Municipal Advisory Council.

* Gross debt. Some debt may be supported by other revenues and thus be considered self-supporting debt. Using gross debt may overstate the actual amount of debt supported by ad valorem taxes.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Princeton. This process recognizes that, when considering the City of Princeton's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Princeton's boundaries and dividing it by the overlapping government's total taxable assessed value.

City of Princeton, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Tax Rate Limit	Tax Rate	Available Tax Rate
2014	2.5000	0.7390	1.7610
2015	2.5000	0.7390	1.7610
2016	2.5000	0.7218	1.7782
2017	2.5000	0.6919	1.8081
2018	2.5000	0.6899	1.8101
2019	2.5000	0.6888	1.8112
2020	2.5000	0.6763	1.8237
2021	2.5000	0.6512	1.8488
2022	2.5000	0.6025	1.8975
2023	2.5000	0.5345	1.9655

Note: The City Charter of the City of Princeton does not provide for a debt limit. Under the provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation.

Legal Debt Margin Calculation for Fiscal Year 2023

Taxable assessed value	$ 2,454,654,213
Add back exempt real property	255,827,785
Total assessed value	$ 2,710,481,998
Debt limit (10% of total assessed value)	
Debt applicable to limit:	
Property tax supported debt	$ 71,880,000
Less: Amount set aside for repayment of general debt	(4,922,502)
Total net debt applicable to limit	$ 66,957,498
Legal debt margin	2.47%

PRINCETON

TEXAS

City of Princeton, Texas

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years (Unaudited)

	Waterworks and Sewer System Revenue Bonds					
Fiscal Year	Total Revenues[1]	Less: Operating Expenses[3]	Net Available Revenue	Debt Service[2] Principal	Debt Service[2] Interest	Coverage
2014	$ 4,815,894	$ 3,223,135	$ 1,592,759	$ 277,000	$ 413,325	2.31
2015	5,218,120	3,418,349	1,799,771	288,300	401,744	2.61
2016	6,765,321	4,722,866	2,042,455	320,700	166,409	4.19
2017	6,824,537	5,163,318	1,661,219	298,400	342,428	2.59
2018	8,901,145	6,015,505	2,885,640	1,133,551	562,245	1.70
2019	10,026,242	7,365,838	2,660,404	313,400	285,866	4.44
2020	12,177,286	8,683,551	3,493,735	345,800	256,634	5.80
2021	14,011,112	9,223,155	4,787,957	764,500	682,970	3.31
2022	24,172,554	10,386,712	9,607,988	296,700	1,014,613	7.33
2023	31,424,947	14,304,784	8,079,075	562,800	1,113,208	4.82

[1] Total revenue includes total water and sewer operating and non-operating revenue.

[2] Includes principal and interest of revenue bonds only. It does not include certificates of obligation or other debt reported in the water and sewer fund.

[3] Water and sewer operating expenses less depreciation and amortization.

City of Princeton, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population[1]	Personal Income[3]	Per Capita Income[2]	Median Age
2014	8,679	$ 187,761,486	21,634 [4]	34.0 [4]
2015	9,356	191,461,184	20,464 [1]	36.0 [4]
2016	10,362	224,565,264	21,672 [1]	36.0 [4]
2017	10,362	263,909,778	25,469 [1]	34.0 [4]
2018	12,822	326,563,518	25,469 [1]	35.0 [4]
2019	12,822	466,746,444	36,402 [1]	33.0 [4]
2020	16,500	643,648,500	39,009 [1]	33.0 [4]
2021	18,388	518,449,660	28,195 [1]	33.0 [4]
2022	20,046	630,566,976	31,456 [1]	33.0 [4]
2023	26,664	862,793,712	32,358 [1]	33.0 [4]

Data Sources:

[1] North Central Texas Council of Governments

[2] United States Census Bureau

[3] Personal Income derived by multiplying per capita personal income by population

[4] United States Census Bureau

[5] Princeton Independent School District

[6] Texas Workforce Commission - (data for Collin County)

School Enrollment[5]	Unemployment Rate[6]
1,954	5.7%
1,798	4.2%
1,798	4.3%
1,950	3.6%
2,090	3.6%
2,131	2.9%
2,587	3.2%
2,752	3.9%
3,967	3.8%
4,276	3.9%

PRINCETON

TEXAS

City of Princeton, Texas

PRINCIPAL EMPLOYERS

Current and Nine Years Ago (Unaudited)

	2023			2014		
Employer	**No. Employees [1]**	**Rank**	**Percentage of Total City Employment**	**No. Employees[2]**	**Rank**	**Percentage of Total City Employment**
Princeton Independent School District	897	1	n/a	480	1	n/a
Wal-Mart	300	2	n/a	-	-	n/a
City of Princeton	157	3	n/a	75	2	n/a
Villa Asuncion	70	4	n/a	70	3	n/a
McDonalds	36	5	n/a	36	4	n/a
Jack in the Box	25	6	n/a	25	5	n/a
Charley's Concrete	20	7	n/a	-	-	n/a
Tractor Supply	19	8	n/a	-	-	n/a
Taco Bell	12	9	n/a	12	6	n/a
People's Bank	10	10	n/a	-	-	n/a
Citizens State Bank	-	-	n/a	10	7	n/a
O'Reilly Auto Parts	-	-	n/a	7	8	n/a
Dollar General	-	-	n/a	6	9	n/a
Big G Auto	-	-	n/a	4	10	n/a
			n/a			n/a
Total	1,546			725		

Note: Total employment for the City is not available

City of Princeton, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function / Program	2023	2022	2021	2020	2019
General Government	12	9	7	7	8
Police	33	29	29	29	26
Fire	39	33	25	23	17
Municipal Court	4	4	4	4	3
Development/Code Enforcement	14	11	9	8	6
Library	4	3	3	3	3
Marketing & Community Events	4	4	2	3	1
Municipal Services	2	1	1	1	-
Streets	6	5	5	5	3
ROW/E	6	6	5	5	5
Parks and Recreation	10	7	8	8	6
Utility Administration	6	5	4	4	4
Water, Sewer	15	12	14	12	12
Storm Water	2	1	1	2	3
	157.0	130.0	117.0	114.0	97

Source: City budget

2018	2017	2016	2015	2014
6	6	5	5	5
21	15	12	13	12
17	16	9	1	1
3	3	3	2	3
5	4	3	4	4
3	2	2	1	1
1	1	1	1	-
-	-	-	-	-
3	3	3	2	2
5	4	4	-	-
6	4	3	-	-
4	3	3	3	3
12	9	7	6	6
3	2	-	-	-
89	72	55	38	37

City of Princeton, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	2023	2022	2021	2020
Police				
Physical arrests	470	-	492	353
Traffic violations	1,878	1,548	1,979	1,819
Fire				
Number of calls answered	4,009	3,382	2,409	2,583
Inspections, residential/commerc.				388
Water/Sewer				
New connections	1,764	1,272	1,384	1,108
Avg daily consumption (gallons)	2,937,041	2,818,537	2,116,000	1,919,586
Water main breaks	379	488	271	269

Source: City departments

2019	2018	2017	2016	2015	2014
452	591	378	364	236	352
2,704	2,861	6,460	4,454	1,992	2,706
2,420	2,320	2,058	1,929	1,555	1,536
395	241	189	178	168	155
668	724	315	656	301	568
1,570,000	1,453,000	1,281,417	1,250,000	1,149,000	1,054,000
577	282	155	143	193	188

City of Princeton, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	2023	2022	2021	2020
Police				
Police stations	1	1	1	1
Patrol units	24	23	21	20
Number of officers	33	29	27	25
Fire				
Fire Stations	3.0	3.0	2.0	1.0
Number of firefighters	35	25	25	23
Number of volunteer ff	-	4	8	16
Streets				
Streets (miles)	122	115	113	89
Number of street lights	1,610	1,523	1,102	785
Water/Sewer				
Water lines (miles)	143	141	117	102
Sanitary sewer (miles)	142	141	111	83

Source: City departments

2019	2018	2017	2016	2015	2014
1	1	1	1	1	1
16	15	14	12	11	11
24	15	15	12	13	,12
1.0	1.0	1.0	1.0	1.0	1.0
18	17	16	9	1	1
20	24	24	22	24	16
76	61	69	64	28	26
608	420	361	309	246	232
96	80	69	58.8	30	27.5
77	60	50	44.8	53	50.5

PRINCETON

TEXAS